

# Board of Governors of the Federal Reserve System

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Instructions for Preparation of

## **Consolidated Financial Statements for Bank Holding Companies**

Reporting Form FR Y-9C

Reissued March 2007

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# Contents for Y-9C Instructions

## Organization of the Instruction Book

The instruction book is divided into three sections:

- (1) The General Instructions describing overall reporting requirements.
- (2) The Line Item Instructions for each schedule of the report for the consolidated bank holding company.
- (3) The Glossary presenting, in alphabetical order, definitions and discussions of accounting treatments under generally accepted accounting principles (GAAP) and other topics that require more extensive treatment than is practical to include in the line item instructions or that are relevant to several line items or to the overall preparation of these reports.

In determining the required treatment of particular transactions or portfolio items or in determining the defini-

tions and scope of the various items, the General Instructions, the line item instructions, and the Glossary (all of which are extensively cross-referenced) must be used jointly. A single section does not necessarily give the complete instructions for completing all the items of the reports. The instructions and definitions in section (2) are not necessarily self-contained; reference to more detailed treatments in the Glossary may be needed. However, the Glossary is not, and is not intended to be, a comprehensive discussion of accounting principles or reporting.

Additional copies of this instruction book may be obtained from the Federal Reserve Bank in the district where the reporting bank holding company submits its FR Y-9C reports, or may be found on the Federal Reserve Board's public website ([www.federalreserve.gov](http://www.federalreserve.gov)).

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# Financial Statements for Bank Holding Companies

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For purposes of this report, savings and loan holding companies are subject to the same reporting requirements as bank holding companies, unless otherwise noted in these instructions. All references to “bank holding company(s)” are inclusive of “savings and loan holding company(s)” unless otherwise noted.<sup>1</sup>

## GENERAL INSTRUCTIONS

### Who Must Report

#### A. Reporting Criteria

All bank holding companies, regardless of size, are required to submit financial statements to the Federal Reserve, unless specifically exempted (see description of exemptions below).

The specific reporting requirements for each bank holding company depend upon the size of the holding company, or other specific factors as determined by the appropriate Federal Reserve Bank. Bank holding companies must file the appropriate forms as described below:

- (1) **Bank Holding Companies with Total Consolidated Assets of \$500 Million or More.** Bank holding companies with total consolidated assets of \$500 million or more (the top tier of a multi-tiered holding company, when applicable) must file:
  - (a) the *Consolidated Financial Statements for Bank Holding Companies* (FR Y-9C) quarterly, as of the last calendar day of March, June, September, and December.
  - (b) the *Parent Company Only Financial Statements for Large Bank Holding Companies* (FR Y-9LP) quarterly, as of the last calendar day of March, June, September, and December.

Each bank holding company that files the FR Y-9C must submit the FR Y-9LP for its parent company.

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1. Savings and loan holding companies (SLHCs) do not include any trust (other than a pension, profit-sharing, stockholders' voting, or business trust) which controls a savings association if such trust by its terms must terminate within 25 years or not later than 21 years and 10 months after the death of individuals living on the effective date of the trust, and (a) was in existence and in control of a savings association on June 26, 1967, or, (b) is a testamentary trust. See Section 238.2 of the interim final rule of Regulation LL, dated September 13, 2011, for more information.

*For tiered bank holding companies.* When bank holding companies with total consolidated assets of \$500 million, or more, own or control, or are owned or controlled by, other bank holding companies (i.e., are tiered bank holding companies), only the top-tier holding company must file the FR Y-9C for the consolidated bank holding company organization unless the top-tier holding company is exempt from reporting the FR Y-9C. If a top-tier holding company is exempt from reporting the FR Y-9C, then the lower-tier holding company (with total consolidated assets of \$500 million or more) must file the FR Y-9C.

In addition, such tiered bank holding companies, regardless of the size of the subsidiary bank holding companies, must also submit, or have the top-tier bank holding company subsidiary submit, a separate FR Y-9LP for each lower-tier bank holding company of the top-tier bank holding company.

- (2) **Bank Holding Companies that are Employee Stock Ownership Plans.** Bank holding companies that are employee stock ownership plans (ESOPs) as of the last calendar day of the calendar year must file the *Financial Statements for Employee Stock Ownership Plan Bank Holding Companies* (FR Y-9ES) on an annual basis, as of December 31. No other FR Y-9 series form is required. However, bank holding companies that are subsidiaries of ESOP bank holding companies (i.e., a tiered bank holding company) must submit the appropriate FR Y-9 series in accordance with bank holding company reporting requirements.
- (3) **Bank Holding Companies with Total Consolidated Assets of Less Than \$500 Million.** Bank holding companies with total consolidated assets of less than \$500 million must file the *Parent Company Only Financial Statements for Small Bank Holding*

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# General Instructions

*Companies* (FR Y-9SP) on a semiannual basis, as of the last calendar day of June and December.<sup>2</sup>

**For tiered bank holding companies.** When bank holding companies with total consolidated assets of less than \$500 million, own or control, or are owned or controlled by, other bank holding companies (i.e., are tiered bank holding companies), the top-tier holding company must file the FR Y-9SP for the top-tier parent company of the bank holding company. In addition, such tiered bank holding companies must also submit, or have the bank holding company subsidiary submit, a separate FR Y-9SP for each lower-tier bank holding company.

When a bank holding company that has total consolidated assets of less than \$500 million is a subsidiary of a bank holding company that files the FR Y-9C, the bank holding company that has total consolidated assets of less than \$500 million would report on the FR Y-9LP rather than the FR Y-9SP.

The instructions for the FR Y-9LP, FR Y-9ES, and the FR Y-9SP are not included in this booklet but may be obtained from the Federal Reserve Bank in the district where the bank holding company files its reports, or may be found on the Federal Reserve Board's public website ([www.federalreserve.gov/boarddocs/reportforms](http://www.federalreserve.gov/boarddocs/reportforms)).

## B. Exemptions from Reporting the Bank Holding Company Financial Statements

The following bank holding companies do not have to file bank holding company financial statements:

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2. The Reserve Bank with whom the reporting bank holding company files its reports may require that a bank holding company with total consolidated assets of less than \$500 million submit the FR Y-9C and the FR Y-9LP reports to meet supervisory needs. Reserve Banks will consider such criteria including, but not limited to, whether the holding company (1) is engaged in significant nonbanking activities either directly or through a nonbank subsidiary; (2) conducts significant off-balance-sheet activities, including securitizations or managing or administering assets for third parties, either directly or through a nonbank subsidiary; or (3) has a material amount of debt or equity securities (other than trust preferred securities) outstanding that are registered with the Securities and Exchange Commission.

In addition, any bank holding company that is not subject to the Federal Reserve's Capital Adequacy Guidelines, but nonetheless elects to comply with the guidelines, are required to file a complete FR Y-9C and FR Y-9LP report, and generally would not be permitted to revert back to filing the FR Y-9SP report in any subsequent periods.

- (1) a bank holding company that has been granted an exemption under Section 4(d) of the Bank Holding Company Act; or
- (2) a "qualified foreign banking organization" as defined by Section 211.23(a) of Regulation K (12 CFR 211.23(a)) that controls a U.S. subsidiary bank.

Bank holding companies that are not required to file under the above criteria may be required to file this report by the Federal Reserve Bank of the district in which they are registered.

## C. Shifts in Reporting Status

A top-tier bank holding company that reaches \$500 million or more in total consolidated assets as of June 30 of the preceding year must begin reporting the FR Y-9C and the FR Y-9LP in March of the current year, and any lower-tier bank holding companies must begin reporting the FR Y-9LP in March of the current year. If a top-tier bank holding company reaches \$500 million or more in total consolidated assets due to a business combination, a reorganization, or a branch acquisition that is not a business combination, then the bank holding company must begin reporting the FR Y-9C and the FR Y-9LP with the first quarterly report date following the effective date of the business combination, reorganization, or branch acquisition, and any lower-tier bank holding companies must begin reporting the FR Y-9LP with the first quarterly report date following the effective date. In general, once a bank holding company reaches or exceeds \$500 million in total consolidated assets and begins filing the FR Y-9C and FR Y-9LP, it should file a complete FR Y-9C and FR Y-9LP going forward (and any lower-tier bank holding companies should file a complete FR Y-9LP going forward). If a bank holding company's total consolidated assets should subsequently fall to less than \$500 million for four consecutive quarters, then the bank holding company may revert to filing the FR Y-9SP (and any lower-tier bank holding companies may revert to filing the FR Y-9SP).

## Where to Submit the Reports

### Electronic Submission

All bank holding companies must submit their completed reports electronically. Bank holding companies should contact their district Reserve Bank or go to

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# General Instructions

[www.frb services.org/centralbank/reportingcentral/index.html](http://www.frb services.org/centralbank/reportingcentral/index.html) for procedures for electronic submission.

## When to Submit the Reports

The *Consolidated Financial Statements for Bank Holding Companies* (FR Y-9C) are required to be submitted as of March 31, June 30, September 30, and December 31. The submission date for bank holding companies is 40 calendar days after the March 31, June 30, and September 30 as of dates unless that day falls on a weekend or holiday (subject to timely filing provisions). The submission date for bank holding companies is 45 calendar days after the December 31 as of date. For example, the June 30 report must be received by August 9, and the December 31 report by February 14.

The term “submission date” is defined as the date by which the Federal Reserve must receive the bank holding company’s FR Y-9C.

If the submission deadline falls on a weekend or holiday, the report must be received on the first business day after the Saturday, Sunday, or holiday. Earlier submission aids the Federal Reserve in reviewing and processing the reports and is encouraged. No extensions of time for submitting reports are granted.

The reports are due by the end of the reporting day on the submission date (5:00 P.M. at each district Reserve Bank).

## How to Prepare the Reports

### A. Applicability of GAAP, Consolidation Rules and SEC Consistency

Bank holding companies are required to prepare and file the *Consolidated Financial Statements for Bank Holding Companies* in accordance with generally accepted accounting principles (GAAP) and these instructions. All reports shall be prepared in a consistent manner. The bank holding company’s financial records shall be maintained in such a manner and scope so as to ensure that the *Consolidated Financial Statements for Bank Holding Companies* can be prepared and filed in accordance with these instructions and reflect a fair presentation of the bank holding company’s financial condition and results of operations.

Bank holding companies should retain workpapers and other records used in the preparation of these reports.

### Scope of the “consolidated bank holding company” to be reported in the submitted reports

For purposes of this report, the bank holding company should consolidate its subsidiaries on the same basis as it does for its annual reports to the SEC or, for those bank holding companies that do not file reports with the SEC, on the same basis as described in generally accepted accounting principles (GAAP). Generally, under the rules for consolidation established by the SEC and by GAAP, bank holding companies should consolidate any company in which it owns more than 50 percent of the outstanding voting stock.

Each bank holding company shall account for any investments in unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the bank holding company exercises significant influence according to the equity method of accounting, as prescribed by GAAP. The equity method of accounting is described in Schedule HC, item 8. (Refer to the Glossary entry for “subsidiaries” for the definitions of the terms subsidiary, associated company, and corporate joint venture.)

### Rules of Consolidation

For purposes of these reports, all offices (i.e., branches, subsidiaries, VIEs, and IBFs) that are within the scope of the consolidated bank holding company as defined above are to be reported on a consolidated basis. Unless the instructions specifically state otherwise, this consolidation shall be on a line-by-line basis, according to the caption shown. As part of the consolidation process, the results of all transactions and all intercompany balances (e.g., outstanding asset/debt relationships) between offices, subsidiaries, and other entities *included* in the scope of the consolidated bank holding company are to be *eliminated* in the consolidation and must be *excluded* from the Consolidated Financial Statements for Bank Holding Companies. (For example, eliminate in the consolidation (1) loans made by the bank holding company to a consolidated subsidiary and the corresponding liability of the subsidiary to the bank holding company, (2) a consolidated subsidiary’s deposits in another bank holding company consolidated subsidiary and the corresponding cash or interest-bearing asset balance of the subsidiary, and (3) the intercompany interest income and

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# General Instructions

expense related to such loans and deposits of the bank holding company and its consolidated subsidiary.)

**Exception:** For purposes of reporting the total assets of captive insurance and reinsurance subsidiaries in Schedule HC-M, Memoranda, items 7(a) and 7(b), only, bank holding companies should measure the subsidiaries' total assets before eliminating intercompany transactions between the consolidated subsidiary and other offices or subsidiaries of the consolidated bank holding company. Otherwise, captive insurance and reinsurance subsidiaries should be reported on a consolidated basis as described in the preceding paragraph.

**Subsidiaries of Subsidiaries.** For a subsidiary of a bank holding company that is in turn the parent of one or more subsidiaries:

- (1) Each subsidiary shall consolidate its majority-owned subsidiaries in accordance with the consolidation requirements set forth above.
- (2) Each subsidiary shall account for any investments in unconsolidated subsidiaries, corporate joint ventures over which the bank holding company exercises significant influence, and associated companies according to the equity method of accounting.

**Noncontrolling (minority) interests.** A noncontrolling interest, sometimes called a minority interest, is the portion of equity in a bank holding company's subsidiary not attributable, directly or indirectly, to the parent bank holding company. Report noncontrolling interests in the reporting bank holding company's consolidated subsidiaries in Schedule HC, item 27(b), "Noncontrolling (minority) interests in consolidated subsidiaries." Report the portion of consolidated net income reported in Schedule HI, item 12, that is attributable to noncontrolling interests in consolidated subsidiaries of the bank holding company in Schedule HI, item 13.

## Reporting by type of office (for bank holding companies with foreign offices)

Some information in the *Consolidated Financial Statements for Bank Holding Companies* are to be reported by type of office (e.g., for domestic offices or for foreign offices) as well as for the consolidated bank holding company. Where information is called for by type of office, the information reported shall be the office component of the consolidated item unless otherwise specified

in the line item instructions. That is, as a general rule, the office information shall be reported at the same level of consolidation as the fully consolidated statement, shall reflect only transactions with parties outside the scope of the consolidated bank holding company, and shall exclude all transactions between offices of the consolidated bank holding company as defined above. See the Glossary entries for "domestic office" and "foreign office" for the definitions of these terms.

## Exclusions from coverage of the consolidated report

**Subsidiaries where control does not rest with the parent.** If control of a majority-owned subsidiary by the bank holding company does not rest with the bank holding company because of legal or other reasons (e.g., the subsidiary is in bankruptcy), the subsidiary is not required to be consolidated for purposes of the report.<sup>2</sup> Thus, the bank holding company's investments in such subsidiaries are not eliminated in consolidation but will be reflected in the reports in the balance sheet item for "Investments in unconsolidated subsidiaries and associated companies" (Schedule HC, item 8) and other transactions of the bank holding company with such subsidiaries will be reflected in the appropriate items of the reports in the same manner as transactions with unrelated outside parties. Additional guidance on this topic is provided in accounting standards, including ASC Subtopic 810-10, Consolidation – Overall (formerly FASB Statement No. 94, *Consolidation of All Majority-Owned Subsidiaries*).

**Custody accounts.** All custody and safekeeping activities (i.e., the holding of securities, jewelry, coin collections, and other valuables in custody or in safekeeping for customers) should not to be reflected on any basis in the balance sheet of the *Consolidated Financial Statements for Bank Holding Companies* unless cash funds held by the bank in safekeeping for customers are commingled with the general assets of the reporting bank holding company. In such cases, the commingled funds would be reported in the *Consolidated Financial Statements for Bank Holding Companies* as deposit liabilities of the bank holding company.

For bank holding companies that file financial statements with the Securities and Exchange Commission (SEC), major classifications including total assets, total liabilities, total equity capital and net income should generally

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# General Instructions

be the same between the FR Y-9C report filed with the Federal Reserve and the financial statements filed with the SEC.

## B. Report Form Captions, Non-applicable Items and Instructional Detail

No caption on the report forms shall be changed in any way. An amount or a zero should be entered for all items except in those cases where (1) the reporting bank holding company does not have any foreign offices; (2) the reporting company does not have any depository institutions that are subsidiaries other than commercial banks; or (3) the reporting bank holding company has no consolidated subsidiaries that render services in any fiduciary capacity and its subsidiary banks have no trust departments. If the reporting bank holding company has only domestic offices, Schedule HC, items 13(b)(1) and 13(b)(2), and Schedule HI, items 1(a)(2) and 2(a)(2) should be left blank. If the reporting company does not have any depository institutions that are subsidiaries other than commercial banks, then Schedule HC-E, items 2(a) through 2(e) should be left blank. If the reporting company does not have any trust activities, then Schedule HI, item 5(a) should be left blank. Bank holding company should leave blank memorandum items 9(a) through 9(d) of Schedule HI if the reporting bank holding company does not have average trading assets of \$2 million or more (reported on Schedule HC-K, item 4(a)) as of the March 31st report date of the current calendar year.

Bank holding companies who are not required to report Schedule HC-D or Schedule HC-Q may leave these schedules blank. Savings and loan holding companies who are not required to report Schedule HC-L, item 7(c)(1)(a) through item 7(c)(2)(c), Schedule HC-M item 11, item 17, and item 18, or all of Schedule HC-R may leave these items blank.

There may be areas in which a bank holding company wishes more technical detail on the application of accounting standards and procedures to the requirements of these instructions. Such information may often be found in the appropriate entries in the Glossary section of these instructions or, in more detail, in the GAAP standards. Selected sections of the GAAP standards are referenced in the instructions where appropriate. The accounting entries in the Glossary are intended to serve as an aid in specific reporting situations rather than a

comprehensive statement on accounting for bank holding companies.

Questions and requests for interpretations of matters appearing in any part of these instructions should be addressed to the appropriate Federal Reserve Bank (that is, the Federal Reserve Bank in the district where the bank holding company submits this report).

## C. Rounding

For bank holding companies with total assets of less than \$10 billion, all dollar amounts must be reported in thousands, with the figures rounded to the nearest thousand. Items less than \$500 will be reported as zero. For bank holding companies with total assets of \$10 billion or more, all dollar amounts may be reported in thousands, but each bank holding company, at its option, may round the figures reported to the nearest million, with zeros reported in the thousands column. For bank holding companies exercising this option, amounts less than \$500,000 will be reported as zero.

Rounding could result in details not adding to their stated totals. However, to ensure consistent reporting, the rounded detail items should be adjusted so that the totals and the sums of their components are identical.

On the *Consolidated Financial Statements for Bank Holding Companies*, “Total assets” (Schedule HC, item 12) and “Total liabilities and equity capital” (Schedule HC, item 29), which must be equal, must be derived from unrounded numbers and then rounded to ensure that these two items are equal as reported.

## D. Negative Entries

Except for the items listed below, negative entries are generally not appropriate on the FR Y-9C and should not be reported. Hence, assets with credit balances must be reported in liability items and liabilities with debit balances must be reported in asset items, as appropriate, and in accordance with these instructions. Items for which negative entries may be made, include:

- (1) Schedule HI, memorandum item 6, “Other non-interest income (itemize and describe the three largest amounts that exceed 1 percent of the sum of Schedule HI, item 1(h) and 5(m)).”

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# General Instructions

- (2) Schedule HI, memorandum item 7 “Other non-interest expense (itemize and describe the three largest amounts that exceed 1 percent of Schedule HI, items 1(h) and 5(m)).”
- (3) Schedule HI, item 5(e), “Venture capital revenue.”
- (4) Schedule HI, item 5(f), “Net servicing fees.”
- (5) Schedule HI, item 5(g), “Net securitization income.”
- (6) Schedule HI-A, item 12, “Other comprehensive income.”
- (7) Schedule HC, item 8, “Investments in unconsolidated subsidiaries and associated companies.”
- (8) Schedule HC, item 26(a), “Retained earnings.”
- (9) Schedule HC, item 26(b), “Accumulated other comprehensive income.”
- (10) Schedule HC, item 26(c), “Other equity capital components. ”
- (11) Schedule HC, item 27(a), “Total bank holding company equity capital.”
- (12) Schedule HC, item 28, “Total equity capital.”
- (13) Schedule HC-C, items 10, 10(a), and 10(b), on “Lease financing receivables (net of unearned income).”
- (14) Schedule HC-P, items 5(a) and 5(b), on “Noninterest income for the quarter from the sale, securitization, and servicing of 1–4 family residential mortgage loans .”
- (15) Schedule HC-Q, memorandum item 2(a), “Loan commitments (not accounted for as derivatives).”
- (16) Schedule HC-R, item 1, “Total bank holding company equity capital.”
- (17) Schedule HC-R, item 2, “Net unrealized gains (losses) on available-for-sale securities.”
- (18) Schedule HC-R, item 4, “Accumulated net gains (losses) on cash flow hedges.”
- (19) Schedule HC-R, item 7(b), “LESS: Cumulative change in fair value of all financial liabilities accounted for under a fair value option that is included in retained earnings and is attributable to

changes in the bank holding company’s own creditworthiness.”

- (20) Schedule HC-R, item 8, “Subtotal.”
- (21) Schedule HC-R, item 10, “Other additions to (deductions from) Tier 1 capital.”
- (22) Schedule HC-R, item 11, “Tier 1 capital.”
- (23) Schedule HC-R, item 21, “Total risk-based capital.”
- (24) Schedule HC-R, Column B, “Items Not Subject to Risk-Weighting,” for asset categories in items 34 through 43.

When negative entries do occur in one or more of these items, they shall be recorded with a minus (–) sign rather than in parenthesis.

On the Consolidated Report of Income (Schedule HI), negative entries may appear as appropriate. Income items with a debit balance and expense items with a credit balance must be reported with a minus (–) sign.

## E. Confidentiality

The completed version of this report generally is available to the public upon request on an individual basis with the exception of any amounts reported in Schedule HI, memoranda item 7(g), “FDIC deposit insurance assessments,” for report dates beginning June 30, 2009, and in Schedule HC-P, item 7(a), “Representation and warranty reserves for 1-4 family residential mortgage loans sold to U.S. government agencies and government-sponsored agencies,” and item 7(b), “Representation and warranty reserves for 1-4 family residential mortgage loans sold to other parties.” However, a reporting bank holding company may request confidential treatment for the *Consolidated Financial Statements for Bank Holding Companies* (FR Y-9C) if the bank holding company is of the opinion that disclosure of specific commercial or financial information in the report would likely result in substantial harm to its competitive position, or that disclosure of the submitted information would result in unwarranted invasion of personal privacy.

A request for confidential treatment must be submitted in writing prior to the electronic submission of the report. The request must discuss in writing the justification for which confidentiality is requested and must demonstrate the specific nature of the harm that would result from public release of the information. Merely stating that

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# General Instructions

competitive harm would result or that information is personal is not sufficient.

Information for which confidential treatment is requested may subsequently be released by the Federal Reserve System if the Board of Governors determines that the disclosure of such information is in the public interest.

## F. Verification and Signatures

**Verification.** All addition and subtraction should be double-checked before reports are submitted. Totals and subtotals in supporting materials should be cross-checked to corresponding items elsewhere in the reports. Before a report is submitted, all amounts should be compared with the corresponding amounts in the previous report. If there are any unusual changes from the previous report, a brief explanation of the changes should be provided to the appropriate Reserve Bank.

**Signatures.** The *Consolidated Financial Statements for Bank Holding Companies* must be signed by the Chief Financial Officer of the bank holding company (or by the individual performing this equivalent function). By signing the cover page of this report, the authorized officer acknowledges that any knowing and willful misrepresentation or omission of a material fact on this report constitutes fraud in the inducement and may subject the officer to legal sanctions provided by 18 USC 1001 and 1007.

*Bank holding companies must maintain in their files a manually signed and attested printout of the data submitted.* The cover page of the Reserve Bank-supplied, holding company's software, or from the Federal Reserve's website report form should be used to fulfill the signature and attestation requirement and this page should be attached to the printout placed in the bank holding company's files.

## G. Amended Reports

When the Federal Reserve's interpretation of how GAAP or these instructions should be applied to a specified

event or transaction (or series of related events or transactions) differs from the reporting bank holding company's interpretation, the Federal Reserve may require the bank holding company to reflect the event(s) or transaction(s) in its FR Y-9C in accordance with the Federal Reserve's interpretation and to amend previously submitted reports. The Federal Reserve will consider the materiality of such event(s) or transaction(s) in making a determination about requiring the bank holding company to apply the Federal Reserve's interpretation and to amend previously submitted reports. Materiality is a qualitative characteristic of accounting information which is defined in FASB Concepts No. 2 as "the magnitude of an omission or misstatement of accounting information that, in the light of surrounding circumstances, make it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

The Federal Reserve may require the filing of amended *Consolidated Financial Statements for Bank Holding Companies* if reports as previously submitted contain significant errors. In addition, a bank holding company should file an amended report when internal or external auditors make audit adjustments that result in a restatement of financial statements previously submitted to the Federal Reserve.

The Federal Reserve also requests that bank holding companies that have restated their prior period financial statements as a result of an acquisition submit revised reports for the prior year-ends. While information to complete all schedules to the FR Y-9C may not be available, bank holding companies are requested to provide the Consolidated Balance Sheet (Schedule HC) and the Consolidated Report of Income (Schedule HI) for the prior year-ends. In the event that certain of the required data are not available, bank holding companies should contact the appropriate Reserve Bank for information on submitting revised reports.

# Consolidated Report of Income

## Schedule HI

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The line item instructions should be read in conjunction with the Glossary and other sections of these instructions. See the discussion of the Organization of the Instruction Books in the General Instructions. For purposes of these line item instructions, the FASB Accounting Standards Codification is referred to as “ASC.”

### General Instructions

Report in accordance with these instructions all income and expense of the consolidated bank holding company for the calendar year-to-date. Include adjustments of accruals and other accounting estimates made shortly after the end of a reporting period which relate to the income and expense of the reporting period.

For purposes of this report, a savings and loan holding company should report income from its savings association(s), nonbank subsidiary(s) and subsidiary savings and loan holding company(s) (as defined in section 238.2 of Regulation LL) following the same guidelines and accounting rules set forth in these instructions for a bank holding company.

Bank holding companies that began operating during the reporting period should report in the appropriate items of Schedule HI all income earned and expense incurred since commencing operations. The bank holding company should report pre-opening income earned and expenses incurred from inception until the date operations commenced using one of the two methods described in the Glossary entry for “start-up activities.”

*Business Combinations and Reorganizations* – If the bank holding company entered into a business combination that became effective during the reporting period and which has been accounted for under the acquisition method, report the income and expense of the acquired business only after its acquisition. If the bank holding company entered into a reorganization that became effective during the year-to-date reporting period and has been accounted for at historical cost in a manner similar to a pooling of interests, report the income and expense of the combined entities for the entire calendar year-to-date as though they had combined at the beginning of the year. For further information on business combinations and reorganizations, see the Glossary entry for “business combinations.”

*Assets and liabilities accounted under the fair value option* — Under U.S. generally accepted accounting principles (GAAP) (i.e., ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*), ASC Subtopic 815-15, Derivatives and Hedging – Embedded Derivatives (formerly FASB Statement No. 155, *Accounting for Certain Hybrid Financial Instruments*), and ASC Subtopic 860-50, Transfers and Servicing – Servicing Assets and Liabilities (formerly FASB Statement No. 156, *Accounting for Servicing of Financial Assets*)), the bank holding company may elect to report certain assets and liabilities at fair value with changes in fair value recognized in earnings. This election is generally referred to as the fair value option. If the bank holding company has elected to apply the fair value option to interest-bearing financial assets and liabilities, it should report the interest income on these financial assets (except any that are in nonaccrual status) and the interest expense on these financial liabilities for the year-to-date in the appropriate interest income and interest expense items on Schedule HI, not as part of the reported change in fair value of these assets and liabilities for the year-to-date. The bank holding company should measure the interest income or interest expense on a financial asset or liability to which the fair value option has been applied using either the contractual interest rate on the asset or liability or the effective yield method based on the amount at which the asset or liability was first recognized on the balance sheet. Although the use of the contractual interest rate is an acceptable method under GAAP, when a financial asset or liability has a significant premium or discount upon initial recognition, the measurement of interest income or interest expense under the effective yield method more accurately portrays the economic substance of the transaction. In addition, in some cases, GAAP requires a particular method of interest income recognition when the fair value option is elected. For example, when the

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# Schedule HI

fair value option has been applied to a beneficial interest in securitized financial assets within the scope of ASC Subtopic 325-40, Investments-Other – Beneficial Interests in Securitized Financial Assets (formerly Emerging Issues Task Force Issue No. 99-20, *Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets*), interest income should be measured in accordance with the consensus in this issue. Similarly, when the fair value option has been applied to a purchased impaired loan or debt security accounted for under ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*), interest income on the loan or debt security should be measured in accordance with this Subtopic when accrual of income is appropriate. For further information, see the Glossary entry for “Purchased Impaired Loans and Debt Securities.”

Revaluation adjustments, excluding amounts reported as interest income and interest expense, 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 should be reported as “Other noninterest income” in Schedule HI, item 5(1).

## **Line Item 1 Interest income.**

### **Line Item 1(a) Interest and fee income on loans.**

Report in the appropriate subitem all interest, fees, and similar charges levied against or associated with all assets reportable as loans in Schedule HC-C, items 1 through 9.

Deduct interest rebated to customers on loans paid before maturity from gross interest earned on loans; do *not* report as an expense.

Include as interest and fee income on loans:

- (1) Interest on all assets reportable as loans extended directly, purchased from others, sold under agreements to repurchase, or pledged as collateral for any purpose.
- (2) Loan origination fees, direct loan origination costs, and purchase premiums and discounts on loans held for investment, all of which should be deferred and recognized over the life of the related loan as an adjustment of yield under ASC Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs (formerly FASB Statement No. 91, *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases*) as described in the Glossary entry for “loan fees.” See exclusion (3) below.
- (3) Loan commitment fees (net of direct loan origination costs) that must be deferred over the commitment period and recognized over the life of the related loan as an adjustment of yield under ASC Subtopic 310-20 as described in the Glossary entry for “loan fees.”
- (4) Investigation and service charges, fees representing a reimbursement of loan processing costs, renewal and past-due charges, prepayment penalties, and fees charged for the execution of mortgages or agreements securing the bank holding company’s loans.
- (5) Charges levied against overdrawn accounts based on the length of time the account has been overdrawn, the magnitude of the overdrawn balance, or which are otherwise equivalent to interest. See exclusion (6) below.
- (6) The contractual amount of interest income earned on loans that are reported at fair value under a fair value option.

Exclude from interest and fee income on loans:

- (1) Fees for servicing real estate mortgages or other loans that are not assets of the bank holding company (report in Schedule HI, item 5(f), “Net servicing fees”).
- (2) Charges to merchants for the bank holding company’s handling of credit card or charge sales when the bank holding company does not carry the related loan accounts on its books (report as “Other noninterest income” in Schedule HI, item 5(1)). Bank holding companies may report this income net of the expenses (except salaries) related to the handling of these credit card or charge sales.
- (3) Loan origination fees, direct loan origination costs, and purchase premiums and discounts on loans held for sale, all of which should be deferred until the loan

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## Schedule HI

is sold (rather than amortized). The net fees or costs and purchase premium or discount are part of the recorded investment in the loan. When the loan is sold, the difference between the sales price and the recorded investment in the loan is the gain or loss on the sale of the loan. See exclusion (4) below.

- (4) Net gains (losses) from the sale of all assets reportable as loans (report in Schedule HI, item 5(i), “Net gains (losses) on sales of loans and leases”). Refer to the Glossary entry for “transfers of financial assets.”
- (5) Reimbursements for out-of-pocket expenditures (e.g., for the purchase of fire insurance on real estate securing a loan) made by the bank holding company for the account of its customers. If the bank holding company’s expense accounts were charged with the amount of such expenditures, the reimbursements should be credited to the same expense accounts.
- (6) Transaction or per item charges levied against deposit accounts for the processing of checks drawn against insufficient funds that the bank holding company assesses regardless of whether it decides to pay, return, or hold the check, so-called “NSF check charges” (report as “Service charges on deposit accounts (in domestic offices),” in Schedule HI, item 5(b), or, if levied against deposit accounts in foreign offices, as “Other noninterest income” in Schedule HI, item 5(l)). See inclusion (5) above.
- (7) Interchange fees earned from credit card transactions (report as “Other noninterest income” in Schedule HI, item 5(l)).

### **Line Item 1(a)(1) Interest and fee income on loans in domestic offices.**

Report all interest, fees, and similar charges levied against or associated with all loans in domestic offices reportable in Schedule HC-C, items 1 through 9, column B for bank holding companies with foreign offices and reportable in Schedule HC-C, items 1 through 9, for bank holding companies with domestic offices only.

### **Line Item 1(a)(1)(a) Interest and fee income on loans secured by 1-4 family residential properties.**

Report all interest, fees, and similar charges levied against or associated with all loans secured by 1-4 family residential properties (in domestic offices) reportable in Schedule HC-C, item 1(c), column B.

### **Line Item 1(a)(1)(b) Interest and fee income on all other loans secured by real estate.**

Report all interest, fees, and similar charges levied against or associated with all loans secured by real estate (in domestic offices) reportable in Schedule HC-C, items 1(a), 1(b), 1(d), and 1(e), column B. Include interest and fee income on loans secured by 1-4 family residential construction loans, but exclude such income on all other loans secured by 1-4 family residential properties.

### **Line Item 1(a)(1)(c) Interest and fee income on all other loans.**

Report all interest, fees, and similar charges levied against or associated with all other loans (in domestic offices) (other than loans secured by real estate in domestic offices) reportable in Schedule HC-C, items 2 through 9, column B.

### **Line Item 1(a)(2) Interest and fee income on loans in foreign offices, Edge and Agreement subsidiaries, and IBFs.**

Report all interest, fees, and similar charges levied against or associated with all loans in foreign offices, Edge and Agreement subsidiaries, and IBFs reportable in Schedule HC-C, column A, items 1 through 9.

### **Line Item 1(b) Income from lease financing receivables.**

Report income from direct financing and leveraged leases reportable in Schedule HC-C, item 10, “Lease financing receivables (net of unearned income).” (See Glossary entry for “lease accounting.”)

Exclude:

- (1) Any investment tax credit associated with leased property (include in Schedule HI, item 9, “Applicable income taxes.”)
- (2) Provision for possible losses on leases (report in Schedule HI, item 4, “Provision for loan and lease losses”).
- (3) Rental fees applicable to operating leases for furniture and equipment rented to others (report in Schedule HI, item 5(l), “Other noninterest income”).

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# 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. However, exclude earnings credits associated with clearing balances due from Federal Reserve Banks, which are applied to an institution's monthly billing service charges to offset the cost of eligible Federal Reserve services.

## **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 bank 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 bank 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 securities:

- (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 bank 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 bank holding company's proportionate share of the net income or loss from its

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## Schedule HI

common stock investments in domestic unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the consolidated bank holding company exercises significant influence (report income or loss before extraordinary items and other 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 bank holding company exercises significant influence.

Exclude the consolidated bank holding company's proportionate 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 bank holding company exercises significant influence (report in item 5(l), "Other noninterest income") and the consolidated bank holding company's proportionate share of material extraordinary items and other adjustments 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 and brokers' fees that represent an adjustment to the interest rate paid on deposits the reporting bank holding company acquires through brokers. If material, such fees 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 (report in Schedule HI, item 7(d), "Other noninterest expense").

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# Schedule HI

Also include as interest expense the contractual amount of interest expense incurred on deposits that are reported at fair value under a fair value option. Deposits with demand features (e.g., demand and savings deposits in domestic offices) are generally not eligible for the fair value option.

Deduct from the gross interest expense of the appropriate category of time deposits penalties for early withdrawals, or portions of such penalties, that represent the forfeiture of interest accrued or paid to the date of withdrawal. If material, portions of penalties for early withdrawals that exceed the interest accrued or paid to the date of withdrawal should not be treated as a reduction of interest expense but should be included in “Other noninterest income” in Schedule HI, item 5(l).

## **Line Item 2(a)(1) Interest on deposits in domestic offices.**

### **Line Item 2(a)(1)(a) Interest on time deposits of \$100,000 or more.**

Report interest expense on all time deposits reportable in Schedule HC-E, items 1(e) and 2(e), “Time deposits of \$100,000 or more” in domestic offices of commercial banks and in domestic offices of other depository institutions.

### **Line Item 2(a)(1)(b) Interest on time deposits of less than \$100,000.**

Report in this item all interest expense reportable in Schedule HC-E, items 1(d) and 2(d), “Time deposits of less than \$100,000” in domestic offices of subsidiary commercial banks and in domestic offices of other subsidiary depository institutions.

### **Line Item 2(a)(1)(c) Interest on other deposits.**

Report interest expense on all deposits reportable in Schedule HC, item 13(a)(2), “Interest-bearing deposits in domestic offices,” excluding interest on time deposits in domestic offices of subsidiary commercial banks and in domestic offices of other subsidiary depository institutions, which are reportable in items 2(a)(1)(a) or 2(a)(1)(b) above.

### **Line Item 2(a)(2) Interest on deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs.**

Report interest expense on all deposits in foreign offices reportable in Schedule HC, item 13(b)(2), “Interest-

bearing deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs.”

## **Line Item 2(b) Expense of federal funds purchased and securities sold under agreements to repurchase.**

Report the gross expense of all liabilities reportable in Schedule HC, item 14, “Federal funds purchased and securities sold under agreements to repurchase.” Include the contractual amount of interest expense incurred on federal funds purchased and securities sold under agreements to repurchase that are reported at fair value under a fair value option.

Report the income of federal funds sold and securities purchased under agreements to resell in Schedule HI, item 1(f); do not deduct from the gross expense reported in this item. However, if amounts recognized as payables under repurchase agreements have been offset against amounts recognized as receivables under reverse repurchase agreements and reported as a net amount in Schedule HC, Balance Sheet, in accordance with ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 41, *Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements*), the income and expense from these agreements may be reported on a net basis in Schedule HI, Income Statement.

## **Line Item 2(c) Interest on trading liabilities and other borrowed money.**

Report the interest expense on all liabilities reportable in Schedule HC, item 15, “Trading liabilities,” and item 16, “Other borrowed money.” Include the contractual amount of interest expense incurred on other borrowed money reported at fair value under a fair value option.

## **Line Item 2(d) Interest on subordinated notes and debentures.**

Report the interest expense on all liabilities reportable in Schedule HC, item 19(a), “Subordinated notes and debentures.” Include the contractual amount of interest expense incurred on subordinated notes and debentures reported at fair value under a fair value option.

Include the interest expense of mandatory convertible securities associated with gross equity contract notes and gross equity commitment notes.

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## Schedule HI

Include amortization of expenses incurred in the issuance of subordinated notes and debentures. Capitalize such expenses, if material, and amortize them over the life of the related notes and debentures (unless the notes and debentures are reported at fair value under a fair value option, in which case issuance costs should be expensed as incurred).

Exclude from this item interest on any reportable notes payable to unconsolidated special purpose entities that issue trust preferred securities (included in Schedule HC, item 19(b), "Subordinated notes payable to unconsolidated trusts issuing trust preferred securities, and trust preferred securities issued by consolidated special purpose entities"). Report this interest expense in Schedule HI, item 2(e), "Other interest expense."

Exclude from this item the amortization of expenses incurred in the issuance of these notes payable. Capitalize such expenses, if material, and amortize them over the life of the related notes payable. Report these amortized issuance costs in Schedule HI, item 2(e).

Exclude dividends declared or paid on limited-life preferred stock (report dividends declared in Schedule HI-A, item 10).

### **Line Item 2(e) Other interest expense.**

Report in this item the interest expense on all other liabilities not reported in Schedule HI, items 2(a) through 2(d) above.

### **Line Item 2(f) Total interest expense.**

Report the sum of Schedule HI, items 2(a) through 2(e).

### **Line Item 3 Net interest income.**

Report the difference between item 1(h), "Total interest income" and item 2(f), "Total interest expense." If the amount is negative, report with a minus (-) sign.

### **Line Item 4 Provision for loan and lease losses.**

Report the amount needed to make the allowance for loan and lease losses, as reported in Schedule HC, item 4(c), adequate to absorb estimated credit losses, based upon management's evaluation of the loans and leases that the reporting bank holding company has the intent and ability to hold for the foreseeable future or until maturity or payoff. Also include in this item any provision for allocated transfer risk related to loans and leases. The

amount reported in this item must equal Schedule HI-B, Part II, item 5, "Provision for loan and lease losses." Report negative amounts with a minus (-) sign.

Exclude any provision for credit losses on off-balance sheet credit exposures which should be reported in Schedule HI, item 7(d), "Other noninterest expense."

The amount reported here may differ from the bad debt expense deduction taken for federal income tax purposes. (Refer to the Glossary entry for "allowance for loan and lease losses" for additional information.)

### **Line Item 5 Noninterest income:**

#### **Line Item 5(a) Income from fiduciary activities.**

Report gross income from services rendered by the trust departments of the bank holding company's banking subsidiaries or by any of the bank holding company's consolidated subsidiaries acting in any fiduciary capacity. Include commissions and fees on the sales of annuities by these entities that are executed in a fiduciary capacity.

Exclude commissions and fees received for the accumulation or disbursement of funds deposited to Individual Retirement Accounts (IRAs) or Keogh Plan accounts when they are not handled by the trust departments of the holding company's subsidiary banks (report in item 5(b), "Service charges on deposit accounts in domestic offices").

Leave this item blank if the subsidiary banks of the reporting bank holding company have no trust departments and the bank holding company has no consolidated subsidiaries that render services in any fiduciary capacity.

#### **Line Item 5(b) Service charges on deposit accounts in domestic offices.**

Report in this item amounts charged depositors in domestic offices:

- (1) For the maintenance of their deposit accounts with the bank holding company or its consolidated subsidiaries, so-called "maintenance charges."
- (2) For their failure to maintain specified minimum deposit balances.
- (3) Based on the number of checks drawn on and deposits made in their deposit accounts.
- (4) For checks drawn on so-called "no minimum balance" deposit accounts.

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## Schedule HI

- (5) For withdrawals from nontransaction deposit accounts.
- (6) For the closing of savings accounts before a specified minimum period of time has elapsed.
- (7) For accounts which have remained inactive for extended periods of time or which have become dormant.
- (8) For deposits to or withdrawals from deposit accounts through the use of automated teller machines or remote service units.
- (9) For the processing of checks drawn against insufficient funds, so-called “NSF check charges,” that the subsidiary banks of the bank holding company assess regardless of whether it decides to pay, return, or hold the check. Exclude subsequent charges levied against overdrawn accounts based on the length of time the account has been overdrawn, the magnitude of the overdrawn balance, or which are otherwise equivalent to interest (report in the appropriate subitem of item 1(a)(1), “Interest and fee income on loans in domestic offices”).
- (10) For issuing stop payment orders.
- (11) For certifying checks.
- (12) For the accumulation or disbursement of funds deposited to Individual Retirement Accounts (IRAs) or Keogh Plan accounts when not handled by the trust departments of subsidiary banks of the reporting bank holding company.

Report such commissions and fees received for accounts handled by the trust departments of the holding company’s banking subsidiaries or by other consolidated subsidiaries in item 5(a), “Income from fiduciary activities.”

Exclude penalties paid by depositors for the early withdrawal of time deposits (report in item 5(l), “Other noninterest income,” or deduct from the interest expense of the related category of time deposits, as appropriate).

### **Line Item 5(c) Trading revenue.**

Report the net gain or loss from trading cash instruments and off-balance-sheet derivative contracts (including commodity contracts) that has been recognized during the calendar year-to-date. The amount reported in this

item must equal the sum of Schedule HI, Memoranda item 9(a) through 9(e).

Include as trading revenue:

- (1) Revaluation adjustments to the carrying value of cash instruments reportable in Schedule HC, item 5, “Trading assets,” and Schedule HC, item 15, “Trading liabilities,” resulting from the periodic marking to market of such instruments.
- (2) Revaluation adjustments from the periodic marking to market of interest rate, foreign exchange rate, commodity, and equity derivative contracts reportable in Schedule HC-L, item 12, “Total gross notional amount of derivative contracts held for trading,” and credit derivative contracts reportable in Schedule HC-L, item 7, “Credit derivatives,” that are held for trading purposes. The effect of the periodic net settlements on derivative contracts held for trading purposes should be included as part of the revaluation adjustments from the periodic marking to market of these contracts.
- (3) Incidental income and expense related to the purchase and sale of assets and liabilities reportable in Schedule HC, item 5, “Trading assets,” and Schedule HC, item 15, “Trading liabilities,” and off-balance-sheet derivative contracts reportable in Schedule HC-L, item 12, “Total gross amount of derivative contracts held for trading,” and credit derivatives contracts reportable in Schedule HC-L, item 7, that are held for trading purposes.

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

### **Line Item 5(d)(1) Fees and commissions from securities brokerage.**

Report fees and commissions from securities brokerage activities, from the sale and servicing of mutual funds, from the purchase and sale of securities and money market instruments where the bank holding company is acting as agent for other banking institutions or customers, and from the lending of securities owned by the bank holding company or by bank holding company customers (if these fees and commissions are not included in Schedule HI, item 5(a), “Income from fiduciary activities,” or item 5(c), “Trading revenue”). However, exclude fees and commissions from the sale of annuities (fixed, variable, and other) to bank holding company customers

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## Schedule HI

by the bank holding company or any securities brokerage subsidiary (report such income in Schedule HI, item 5(d)(3), “Fees and commissions from annuity sales”).

Also include the bank 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 bank 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 bank holding company’s name and transactions in which the bank holding company acts as an agent for a third party issuer.

Also include the bank 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 bank 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 bank holding company and any subsidiary of the bank holding company and fees earned from customer referrals for annuities to insurance companies and insurance agencies external to the consolidated bank 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 com-

pany’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”).

Also include the bank 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 bank holding company exercises significant influence.

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

Report the amount of premiums earned by bank 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.

Also include the bank 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 bank 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:

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# Schedule HI

- (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 bank holding company.

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 bank 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 bank 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 bank holding company's proportionate share of the income or loss before extraordinary items and other adjustments 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 bank 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, bank 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 bank 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 bank 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 bank 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 bank 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

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# Schedule HI

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 for sale. Exclude net gains (losses) on loans and leases sold in the bank holding company’s own securitization transactions and unrealized losses (and recoveries of unrealized losses) on loans and leases held for sale in the bank 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 bank 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), each component of other noninterest income, and the dollar amount of such component, that is greater than \$25,000 and exceeds 3 percent of the other noninterest income reported in this item. If net losses have been reported in this item for a component of “Other noninterest income,” use the absolute value of such net losses to determine whether the amount of the net losses is greater than \$25,000 and exceeds 3 percent of “Other noninterest income” and should be reported in Schedule 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) 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. 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) through 6(k). 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), 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:

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# Schedule HI

- (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.
  - (e) The redemption of U.S. savings bonds.
  - (f) The handling of food stamps and the U.S. Treasury Tax and Loan Account, including fees received in connection with the issuance of interest-bearing demand notes by a depository institution that is a consolidated subsidiary of the reporting bank holding company.
  - (g) The execution of acceptances and the issuance of commercial letters of credit, standby letters of credit, deferred payment letters of credit, and letters of credit issued for cash or its equivalent. *Exclude* income on bankers acceptances and trade acceptances (report such income in the appropriate subitem of Schedule HI, item 1(a), "Interest and fee income on loans," or in Schedule HI, item 1(e), "Interest income from trading assets," as appropriate).
  - (h) The notarizing of forms and documents.
  - (i) The negotiation or management of loans from other lenders for customers or correspondents.
  - (j) The providing of consulting and advisory services to others. *Exclude* income from investment advisory services, which is to be reported in Schedule HI, item 5(d).
  - (k) The use of the bank holding company subsidiary bank's automated teller machines or remote service units by depositors of other depository institutions.
- (2) Income and fees from the sale and printing of checks.
  - (3) Gross rentals and other income from all real estate reportable in Schedule HC, item 7, "Other real estate owned."
  - (4) Earnings on or other increases in the value of the cash surrender values of life insurance policies owned by the bank holding company's subsidiary bank(s).
  - (5) Annual or other periodic fees paid by holders of credit cards issued by the bank holding company or its consolidated subsidiaries. Fees that are periodically charged to cardholders shall be deferred and recognized on a straight-line basis over the period the fee entitles the cardholder to use the card.
  - (6) Charges to merchants for the bank's handling of credit card or charge sales when the bank holding company does not carry the related loan accounts on its books. Bank holding companies may report this income net of the expenses (except salaries) related to the handling of these credit card sales.
  - (7) Interchange fees earned from credit card transactions.
  - (8) Gross income received for performing data processing services for others. Do *not* deduct the expense of performing such services for others (report in the appropriate items of noninterest expense).
  - (9) Loan commitment fees that are recognized during the commitment period (i.e., fees retrospectively determined and fees for commitments where exercise is remote) or included in income when the commitment expires and loan syndication fees that are not required to be deferred. Refer to the Glossary entry for "loan fees" for further information.
  - (10) Service charges on deposit accounts in foreign offices.
  - (11) Net tellers' overages (shortages), net recoveries (losses) on forged checks, net recoveries (losses) on payment of checks over stop payment orders, and similar recurring operating gains (losses) of this type. Bank holding companies should consistently report these gains (losses) either in this item or in Schedule HI, item 7(d).
  - (12) Net gains (losses) from the sale or other disposal of branches (i.e., where the reporting bank holding company sells a branch's assets to another depository institution, which assumes the deposit liabilities of the branch). Bank holding companies should consistently report these net gains (losses) either in this item or in Schedule HI, item 7(d).

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# Schedule HI

- (13) Net gains (losses) from all transactions involving foreign currency or foreign exchange other than trading transactions. Bank holding companies should consistently report these net gains (losses) either in this item or in Schedule HI, item 7(d).
- (14) Rental fees applicable to operating leases for furniture and equipment rented to others.
- (15) Interest received on tax refunds.
- (16) Life insurance proceeds on policies for which the bank holding company or its subsidiaries are the beneficiary.
- (17) Credits resulting from litigation or other claims.
- (18) Portions of penalties for early withdrawals of time deposits that *exceed* the interest accrued or paid on 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.”
- (19) Interest income from advances to, or obligations of, and the bank 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 bank 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 bank 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”).
- (20) Net gains (losses) on nonhedging derivative instruments held for purposes other than trading. Bank 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

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## Schedule HI

(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 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 securities are to be included in the applicable income taxes reported in item 9 below).

Exclude:

- (1) Realized gains (losses) on available-for-sale securities (report in Schedule HI, item 6(b) below) and trading securities (report in Schedule HI, item 5(c) above).
- (2) Net gains (losses) from the sale of detached securities coupons and the sale of ex-coupon securities (report in item 5(1), "Other noninterest income," or item 7(d), "Other noninterest expense," as appropriate). (Refer to the Glossary entry for "coupon stripping" for further information.)

### **Line Item 6(b) Realized gains (losses) on available-for-sale 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(b), "Available-for-sale 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 write-downs of the cost basis of individual 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 available-for-sale securities are to be included in the applicable income taxes reported in item 9 below).

Exclude:

- (1) The change in net unrealized holding gains (losses) on available-for-sale securities during the calendar year to date (report in Schedule HI-A, item 12).

- (2) Realized gains (losses) on held-to-maturity securities (report in Schedule HI, item 6(a) above) and on trading securities (report in Schedule HI, item 5(c) above).
- (3) Net gains (losses) from the sale of detached securities coupons and the sale of ex-coupon securities (report in item 5(1), "Other noninterest income," or item 7(d), "Other noninterest expense," as appropriate). (Refer to the Glossary entry for "coupon stripping" for further information.)

### **Line Item 7 Noninterest expense:**

#### **Line Item 7(a) Salaries and employee benefits.**

Report salaries and benefits of all officers and employees of the bank holding 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 bank holding company.
- (3) Contributions to the consolidated bank holding 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 bank holding company is not the beneficiary.
- (5) Cost of office temporaries whether hired directly by the bank holding company or its consolidated subsidiaries or through an outside agency.
- (6) Workmen's compensation insurance premiums.
- (7) The net cost to the bank holding company or its consolidated subsidiaries for employee dining rooms, restaurants, and cafeterias.
- (8) Accrued vacation pay earned by employees during the calendar year-to-date.

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# Schedule HI

- (9) The cost of medical or health services, relocation programs and reimbursements of moving expenses, tuition reimbursement programs, and other so-called fringe benefits for officers and employees.
- (10) Compensation expense (service component and interest component) related to deferred compensation agreements.

Exclude from salaries and employee benefits (report in item 7(d), "Other noninterest expense"):

- (1) Amounts paid to attorneys, accountants, management consultants, investment counselors, and other professionals who are not salaried officers or employees of the bank holding company or its consolidated subsidiaries.
- (2) The cost of bank holding company or consolidated subsidiary newspapers and magazines prepared for distribution to bank holding company or its consolidated subsidiaries' officers and employees.
- (3) Premiums on life insurance policies for which the bank holding company or its consolidated subsidiaries are the beneficiary.
- (4) Dues, fees, and other expenses associated with memberships in country clubs, social or private clubs, civic organizations, and similar clubs and organizations.

## **Line Item 7(b) Expenses of premises and fixed assets.**

Report all noninterest expenses related to the use of premises, equipment, furniture, and fixtures, net of rental income, that are reportable in Schedule HC, item 6, "Premises and fixed assets." If this net amount is a credit balance, report with a minus (-) sign.

Deduct rental income from gross premises and fixed asset expense. Rental income includes all rentals charged for the use of buildings not incident to their use by the reporting bank holding company or its consolidated subsidiaries, including rentals by regular tenants of the bank holding company's or its consolidated subsidiaries' buildings, income received from short-term rentals of other facilities of the bank holding company or its consolidated subsidiaries, and income from sub-leases. Also deduct income from assets that indirectly represent premises, equipment, furniture, or fixtures reportable in Schedule HC, item 6, "Premises and fixed assets."

Include as expenses of premises and fixed assets:

- (1) Normal and recurring depreciation and amortization charges against assets reportable in Schedule HC, item 6, "Premises and fixed assets," including capital lease assets, which are applicable to the calendar year-to-date, whether they represent direct reductions in the carrying value of the assets or additions to accumulated depreciation or amortization accounts. Any method of depreciation or amortization conforming to accounting principles that are generally acceptable for financial reporting purposes may be used. However, depreciation for premises and fixed assets may be based on the Accelerated Cost Recovery System (ACRS) used for federal income tax purposes if the results would not be materially different from depreciation based on the asset's estimated useful life.
- (2) All operating lease payments made by the bank holding company or its consolidated subsidiaries on premises (including parking lots), equipment (including data processing equipment), furniture, and fixtures.
- (3) Cost of ordinary repairs to premises (including leasehold improvements), equipment, furniture, and fixtures.
- (4) Cost of service or maintenance contracts for equipment, furniture, and fixtures.
- (5) Cost of leasehold improvements, equipment, furniture, and fixtures charged directly to expense and not placed on the consolidated bank holding company's books as assets.
- (6) Insurance expense related to the use of premises, equipment, furniture, and fixtures including such coverages as fire, multi-peril, boiler, plate glass, flood, and public liability.
- (7) All property tax and other tax expense related to premises (including leasehold improvements), equipment, furniture, and fixtures, including deficiency payments, net of all rebates, refunds, or credits.
- (8) Any portion of capital lease payments representing executory costs such as insurance, maintenance, and taxes.
- (9) Cost of heat, electricity, water, and other utilities connected with the use of premises and fixed assets.

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## Schedule HI

- (10) Cost of janitorial supplies and outside janitorial services.
- (11) Fuel, maintenance, and other expenses related to the use of bank holding company- or consolidated subsidiary-owned automobiles, airplanes, and other vehicles for bank holding company or consolidated subsidiaries' business.

Exclude from expenses of premises and fixed assets:

- (1) Salaries and employee benefits (report such expenses for all officers and employees of the bank 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").

Impairment losses on goodwill should be tested at the consolidated bank 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 bank 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,

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# Schedule HI

*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*).

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 bank 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), each component of other noninterest expense, and the dollar amount of such component, that is greater than \$25,000 and exceeds 3 percent of the other noninterest expense reported in this item. If net gains have been reported in this item for a component of "Other noninterest expense," use the absolute value of such net gains to determine whether the amount of the net gains is greater than \$25,000 and exceeds 3 percent of "Other noninterest expense" and should be reported in Schedule 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) 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. 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) through 7(n). 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), 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 bank 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 bank 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 bank holding company stock outstanding, taxes based on the consolidated bank 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 bank 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

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## Schedule HI

- 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 deposits the reporting bank acquires through brokers. However, report as interest expense on the appropriate category of deposits those finders' fees and brokers' fees that do represent an adjustment to the interest rate paid on brokered deposits.
  - (10) Research and development costs and costs incurred in the internal development of computer software.
  - (11) Net losses (gains) from all transactions involving foreign currency or foreign exchange other than trading transactions. Bank holding companies should consistently report these net losses (gains) either in this item or in Schedule HI, item 5(l) above.
  - (12) Charges resulting from litigation or other claims.
  - (13) Charitable contributions including donations by Clifford Trusts.
  - (14) Retainer fees, legal fees, and other fees and expenses paid to attorneys who are not officers or employees of the bank holding company or its consolidated subsidiaries.
  - (15) Office supplies purchased, printing, and postage.
  - (16) Telecommunications expenses, including any expenses associated with telephone, telegraph, cable, and internet services (including web page maintenance).
  - (17) Examination and other fees levied by the Federal Reserve.
  - (18) Net tellers' shortages, forged check losses, losses on payment of checks over stop payment orders, losses from counterfeit money, and similar recurring operating losses of this type.
  - (19) Losses from robberies, defalcations, and other criminal acts not covered by the consolidated bank holding company's blanket bond.
  - (20) Travel and entertainment expenses, including costs incurred by officers and employees of the bank holding company or its consolidated subsidiaries for attending meetings and conventions.
  - (21) Dues, fees, and other expenses associated with memberships in country clubs, social or private clubs, civic organizations, and similar clubs and organizations.
  - (22) Civil money penalties and fines.
  - (23) All service charges, commissions, and fees levied by others for the repossession of assets and the collection of the consolidated bank holding company's loans or other assets, including charged-off loans or other charged-off assets.
  - (24) Expenses (except salaries) related to handling credit card or charge sales received from merchants when the bank holding company or its consolidated subsidiaries do not carry the related loan accounts on its books. Bank holding companies are also permitted to net these expenses against their charges to merchants for the bank holding company's handling of these sales reported in item 5(l) above.
  - (25) The cost of newspapers and magazines of the bank holding company or its consolidated subsidiaries prepared for distribution to bank officers and employees or to others.
  - (26) Depreciation expense of furniture and equipment rented to others under operating leases.
  - (27) Cost of checks provided to depositors.
  - (28) Amortization expense of purchased computer software and of the costs of computer software to be sold, leased, or otherwise marketed capitalized in accordance with the provision of ASC Subtopic 985-20, Software – Costs of Software to Be Sold, Leased or Marketed (formerly FASB Statement No. 86, *Accounting for the Cost of Computer Software to Be Sold, Leased, or Otherwise Marketed*).
  - (29) Net losses (gains) on nonhedging derivative instruments held for purposes other than trading. Bank holding companies should consistently report these net losses (gains) either in this item or in Schedule HI, item 5(l). For further information, see the Glossary entry for "derivative contracts."

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## Schedule HI

- (30) Net tellers' shortages (overages), net losses (recoveries) on forged checks, net losses (recoveries) on payment of checks over stop payment orders, and similar recurring operating losses (gains) of this type. Bank holding companies should consistently report these losses (gains) either in this item or in Schedule HI, item 5(l).
- (31) Benefit, losses and expenses from insurance-related activities. (Also report separately in Schedule HI, memorandum item 12(c)).
- (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 bank 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 bank 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 bank 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 bank holding company or its consolidated subsidiaries, airplanes, and other vehicles for bank 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. Bank 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).

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

Report the consolidated bank holding company's pretax operating income. This amount will generally be determined by taking item 3, "Net interest income," minus

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## Schedule HI

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.

### **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 income taxes and extraordinary items and other adjustments,” 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 bank 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 income taxes and extraordinary items and other adjustments.” 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 12, “Extraordinary items, net of applicable taxes and 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.

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

- (1) Item 11, “Extraordinary items and other adjustments, net of 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.**

Report the difference between item 8, “Income (loss) before income taxes and extraordinary items and other adjustments” 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.**

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 bank 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

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# Schedule HI

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*).

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 bank 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, bank holding companies should report net gains (losses) in the appropriate category of “Noninterest income” in Schedule HI, item 5. For the final category above, bank 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 bank 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 bank holding company. A noncontrolling interest, also called a minority interest, is the portion of equity in a bank holding company’s subsidiary not attributable, directly or indirectly, to the parent bank 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 bank bank holding 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 bank 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

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# Schedule HI

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%.

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

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 bank 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 bank 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 bank 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 bank 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 bank 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 bank holding company.)

## **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."

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."

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## Schedule HI

For other components of “Other noninterest income” that exceed the disclosure threshold, list and briefly describe these components in memoranda items 6(i) 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.

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) through 6(k) 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.

### **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) each component of Schedule HI, item 7(d), “Other noninterest expense,” and the dollar amount of such component, that is greater than \$25,000 and exceeds 3 percent of the “Other noninterest expense.”

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) through 7(n).

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 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) through 7(n) 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

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# Schedule HI

amounts for memoranda items 7(l) through 7(n), then these items should be left blank.

## **Line Item M8 Extraordinary items and other adjustments.**

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

If an extraordinary item or other adjustment is a loss or otherwise reduces the bank 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 bank 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 bank 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 bank 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 bank 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 bank 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 bank 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 bank 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 bank 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

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## Schedule HI

bank 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 any other contracts that are not reportable as interest rate, foreign exchange, equity, or credit derivative contracts.

### **Line Item M9(e) Credit exposures.**

Report in this item net gains (losses) from trading cash instruments and derivative contracts that the reporting bank holding company manages as credit exposures. Credit exposures may arise from cash debt instruments (e.g., debt securities) and credit derivative contracts. In general, credit derivative contracts are arrangements that allow one party (the “beneficiary”) to transfer the credit risk of a “reference asset” or “reference entity” to another party (the “guarantor”). Credit derivative contracts include credit default swaps, total return swaps, credit options, and other credit derivatives.

### **Line Item M9(f) Impact on trading revenue of changes in the creditworthiness of the bank holding company’s derivatives counterparties on the bank holding company’s derivative assets (included in Memorandum items 9(a) through 9(e) above).**

Report in this item the amount included in the trading revenue reported in Schedule HI, Memorandum items 9(a) through 9(e), above that resulted from changes during the calendar year-to-date in the bank holding company’s credit valuation adjustments (CVA). A CVA is the adjustment to the fair value of derivatives that accounts for possible nonperformance of the bank holding company’s derivatives counterparties. It is an estimate of the fair value of counterparty credit risk.

### **Line Item 9(g) Impact on trading revenue of changes in the creditworthiness of the bank holding company on the bank holding company’s derivative liabilities (included in Memorandum items 9(a) through 9(e) above).**

Report in this item the amount included in the trading revenue reported in Schedule HI, Memorandum items 9(a) through 9(e), above that resulted from changes

during the calendar year-to-date in the bank holding company’s debit valuation adjustment (DVA). A DVA is the adjustment to the fair value of derivatives that accounts for possible nonperformance of the bank holding company. It is an estimate of the fair value of the bank holding company’s own credit risk to its counterparties.

### **Line Item M10 Net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account.**

Report in the appropriate subitem the net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account, regardless of whether the credit derivative is designated as and qualifies as a hedging instrument under generally accepted accounting principles. Credit exposures held outside the trading account include, for example, nontrading assets (such as available-for-sale securities and loans held for investment) and unused lines of credit.

### **Line Item M10(a) Net gains (losses) on credit derivatives held for trading.**

Report the net gains (losses) recognized in earnings on credit derivatives held for trading (and reportable as trading assets or trading liabilities, as appropriate, in Schedule HC, item 5 or item 15, respectively) that economically hedge credit exposures held outside the trading account. The net gains (losses) on credit derivatives reported in this item will also have been included as trading revenue in Schedule HI, Memorandum item 9(e), “Credit exposures.”

### **Line Item M10(b) Net gains (losses) on credit derivatives held for purposes other than trading.**

Report the net gains (losses) recognized in earnings on credit derivatives held for purposes other than trading (and reportable as other assets or other liabilities, as appropriate, in Schedule HC, item 11 or item 20, respectively) that economically hedge credit exposures held outside the trading account. Net gains (losses) on credit derivatives held for purposes other than trading should not be reported as trading revenue in Schedule HI, item 5(c).

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# Schedule HI

## **Line Item M11 Credit losses on derivatives.**

Report the consolidated bank holding company's year-to-date credit losses incurred on derivative contracts (as defined for Schedule HC-L, items 7 and 11), net of recoveries (e.g., net charge-offs). The amount reported in this item should include all credit losses regardless of whether the consolidated bank holding company charged such losses directly to income (e.g., trading revenue) or to another account (e.g., allowance for credit losses on derivatives).

*Memorandum item 12(a) is to be completed by bank holding companies with \$1 billion or more in total assets.*<sup>1</sup>

## **Line Item M12(a) Income from the sale and servicing of mutual funds and annuities (in domestic offices).**

Report the amount of income earned by the reporting bank holding company during the calendar year-to-date from the sale and servicing of mutual funds and annuities (in domestic offices).

Include in this item:

- (1) Income earned in connection with mutual funds and annuities that are sold on the premises of the reporting bank holding company or its subsidiaries, or that are sold by the reporting bank holding company, a subsidiary, or by affiliated or unaffiliated entities from whom the reporting bank holding company reports income on a consolidated basis in the FR Y-9C. This income may be in the form of fees or sales commissions at the time of the sale or fees, including a share of another entity's fees, that are earned over the duration of the account (e.g., annual fees, Rule 12b-1 fees or "trailer fees," and redemption fees). Commissions should be reported as income as earned at the time of the sale (i.e., on an accrual basis), but may be reported as income when payment is received if the results would not differ materially from those obtained using an accrual basis.
- (2) Income that is reported on a consolidated basis in the FR Y-9C from leasing arrangements with affiliated and unaffiliated entities who lease space in offices

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1. This asset size test is determined based on the total assets reported in the previous year's June 30 FR Y-9C report. Once a bank holding company surpasses the \$1 billion total asset threshold, it must continue to report this item regardless of subsequent changes in its total assets.

of the reporting bank holding company or its subsidiaries for use in selling mutual funds and annuities. Income from leasing arrangements should be reported as income as earned (i.e., on an accrual basis), but may be reported as income when payment is received if the results would not differ materially from those obtained using an accrual basis.

- (3) Fees for providing investment advisory services for mutual funds and annuities.
- (4) Fees for providing securities custody, transfer agent, and other operational and ancillary services to mutual funds and annuities that are sold on the premises of the reporting bank holding company, or sold by the reporting bank holding company or its subsidiaries, through a subsidiary, or by affiliated or unaffiliated entities from whom the bank holding company reports income on a consolidated basis in the FR Y-9C at the time of the sale or over the duration of the account.

Also include income from sales conducted through the reporting bank holding company's trust department that are not executed in a fiduciary capacity (e.g., trustee, executor, administrator, conservator) but exclude income from sales conducted by the trust department that are executed in a fiduciary capacity.

In general, this income will have been included in Schedule HI, item 5(d)(1), "Fees and commissions from securities brokerage" (for mutual funds) and item 5(d)(3), "Fees and commissions from annuity sales." However, income from leasing arrangements, or the portion thereof, that is fixed in amount and does not vary based on sales volume may have been reported as a deduction from Schedule HI, item 7(b), "Expenses of premises and fixed assets, net of rental income." Thus, the income to be included in this item should be reported gross rather than net of expenses incurred by the reporting bank holding company or a consolidated subsidiary.

Exclude fees earned for providing securities custody, transfer agent, and other operational and ancillary services to third party mutual funds and annuities that are not sold on the premises of the reporting bank holding company or its consolidated subsidiaries and are not otherwise sold by the reporting bank holding company, through a subsidiary, or by affiliated or unaffiliated entities from whom the reporting bank holding company receives income at the time of the sale or over the duration of the account.

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# Schedule HI

## **Line Item M12(b) Premiums.**

Report in memoranda items 12(b)(1) and 12(b)(2) premium revenues from the insurance and reinsurance **underwriting** operations of the bank holding company and its affiliates. Do not include any commission and fee income from the sale of insurance products.

## **Line Item M12(b)(1) Premiums on insurance related to the extension of credit.**

Report the amount of premiums from insurance and reinsurance underwriting reported in item 5(d)(4) above that were recognized on property, casualty, life, health, accident, involuntary unemployment and other insurance coverage related to an extension of credit or lease financing, e.g., credit life and mortgage insurance. Include title insurance premiums, forced placed coverage, collateral protection, and private mortgage insurance premiums in this line item. Exclude all insurance and annuity sales and referral fee revenue (reported in Schedule HI, line item 5(d)(5)).

## **Line Item M12(b)(2) All other insurance premiums.**

Report the amount of insurance premiums from insurance and reinsurance underwriting reported in item 5(d)(4) above other than the credit-related insurance premiums reported in item M12(b)(1) above. Exclude all insurance and annuity sales and referral fee revenue (reported in Schedule HI, line item 5(d)(5)).

## **Line Item M12(c) Benefits, losses, and expenses from insurance-related activities.**

Report for insurance and reinsurance underwriting activities current and future insurance benefits, interest credited to contract holders, policyholder dividends, amortization of deferred acquisition cost, claims and claims adjustment expenses and any other operating expenses, excluding salaries and overhead expense (except salaries and benefits expense included in claims adjustment expense), which should be reported in item 7(a) above.

## **Line Item M13 Does the reporting bank holding company have a Subchapter S election in effect for federal income tax purposes for the current tax year? (Enter “1” for yes; enter “0” for no.)**

Indicate whether the bank holding company has elected, for federal income tax purposes, an “S corporation”

status, as defined in Internal Revenue Code Section 1361 as of the report date. Enter “1” for yes; enter “0” for no. In order to be an S corporation, the bank holding company must have a valid election with the Internal Revenue Service and obtain the consent of all of its shareholders. In addition, the bank holding company must meet specific criteria for federal income tax purposes at all times during which the election remains in effect. These specific criteria include, for example, having no more than 100 qualifying shareholders and having only one class of stock outstanding.

*Memorandum item 14 is to be completed by bank holding companies that have elected to account for assets and liabilities under a fair value option.*

## **Line Item M14 Net gains (losses) recognized in earnings on assets and liabilities that are reported at fair value under a fair value option.**

Report in the appropriate subitem the total amount of pretax gains (losses) from fair value changes included in earnings during the calendar year to date for all assets and liabilities accounted for at fair value under a fair value option. If the amount to be reported is a net loss, report with a minus (-) sign. Disclosure of such gains (losses) is also required by ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, *Fair Value Option for Financial Assets and Financial Liabilities*, paragraph 19 and C7(b)), and ASC Subtopic 860-50, Transfers and Servicing – Servicing Assets and Liabilities (formerly FASB Statement No. 156, *Accounting for Servicing of Financial Assets*, paragraph 4(f)(1)(d)).

## **Line Item M14(a) Net gains (losses) on assets.**

Report the total amount of pretax gains (losses) from fair value changes included in earnings during the calendar year to date for all assets, including hybrid financial instruments and servicing assets, accounted for under a fair value option. This amount will reflect the reported interest included in total interest income in Schedule HI, item 1(h), 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(a)(1) Estimated net gains (losses) on loans attributable to changes in instrument-specific credit risk.**

For loans reported at fair value under a fair value option, report the estimated portion of the change in fair value

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## Schedule HI

included in earnings attributable to changes in instrument-specific credit risk. Include all such loans reported in Schedule HC, items 4(a), 4(b), and 5.

### **Line Item M14(b) Net gains (losses) on liabilities.**

Report the total amounts of pretax gains (losses) from fair value changes included in earnings during the calendar year-to-date for all liabilities, including hybrid financial instruments and servicing liabilities, accounted for 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), *Share-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 bank 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 bank 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*), 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*

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## Schedule HI

*Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets; and 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.

**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.

**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 bank holding company does not intend to sell the security and it is not more likely than not that the bank 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.

*Exclude* other-than-temporary impairment losses on debt securities that the bank holding company intends to sell and on debt securities that it is more likely than not that the bank holding company will be required to sell before recovery of its amortized cost basis less any current-period credit loss, the entire amount of which must be recognized in earnings.

**Line Item M17(c) Net impairment losses 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).

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LINE ITEM INSTRUCTIONS FOR

# Changes in Bank Holding Company Equity Capital Schedule HI-A

## General Instructions

Total bank holding company equity capital includes perpetual preferred stock, common stock, capital surplus, retained earnings, accumulated other comprehensive income and other equity capital components such as treasury stock and unearned Employee Stock Ownership Plan Shares. All amounts in Schedule HI-A, other than those reported in items 1, 3, and 12, should represent net aggregate changes for the calendar year-to-date. Report all net decreases and losses (net reductions of bank holding company equity capital) with a minus (-) sign.

### Line Item 1 Total bank holding company equity capital most recently reported for the end of previous calendar year.

Report the consolidated bank holding company's total equity capital balance most recently reported for the previous calendar year-end after the effect of all corrections and adjustments to total equity capital that were made in any amended report(s) for the previous calendar year-end.

Do not enter the consolidated bank holding company's total equity capital ending balance from the Report of Income for the preceding quarter when preparing the June 30, September 30, or December 31 report.

For bank holding companies opened since January 1 of the current calendar year, report zero in this item. Report the consolidated bank holding company's opening (original) total equity capital in items 5(a), "Sale of perpetual preferred stock, gross" or 6(a), "Sale of common stock, gross" as appropriate.

Pre-opening income earned and expenses incurred from the bank holding company's inception until the date the bank holding company commenced operations should be reported in Schedule HI using one of the two following methods, consistent with the manner in which the bank

holding company reports pre-opening income and expenses for other financial reporting purposes:

- (1) The net amount of pre-opening income and expenses for the entire period from the bank holding company's inception until the date the bank holding company commenced operations should be reported in the appropriate items of Schedule HI, each quarter during the calendar year in which operations commenced; or
- (2) Pre-opening income and expenses for the period from the bank holding company's inception until the beginning of the calendar year in which the bank holding company commenced operations should be included, along with the bank holding company's opening (original) equity capital, in this item. The net amount of these pre-opening income and expenses should be identified and described in "Notes to the Income Statement." Pre-opening income earned and expenses incurred during the calendar year in which the bank holding company commenced operations should be reported in the appropriate items of Schedule HI, each quarter during the calendar year in which operations commenced.

### Line Item 2 Cumulative effect of changes in accounting principles and corrections of material accounting errors.

Report the sum of the cumulative effect, net of applicable income taxes, of all changes in accounting principles adopted during the calendar year-to-date reporting period that were applied retroactively and for which prior years' financial statements were restated and all corrections resulting from material accounting errors that were made in prior years' Consolidated Financial Statements for Bank Holding Companies and not corrected by the filing of an amended report for the period in which the error was made. Include only those corrections that result from:

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## Schedule HI-A

- (1) Mathematical mistakes.
- (2) Mistakes in applying accounting principles.
- (3) Improper use of information which existed when the prior Consolidated Financial Statements for Bank 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, net of 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 bank holding company.**

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

### **Line Item 5 Sale of perpetual preferred stock.**

Report the changes in the consolidated bank holding company’s total equity capital resulting from the sale of

the bank 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 bank 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 bank holding company resulting from the sale of the bank 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 bank holding company resulting from the exercise (or granting) of nonqualified stock options (on the bank 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

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## Schedule HI-A

an employee are shares of bank holding company stock or shares of stock of the bank holding company's subsidiary bank.

Include:

- (1) The net decrease in equity capital which occurs when cash is distributed in lieu of fractional shares in a stock dividend.
- (2) The net increase in equity capital when a stockholder who receives a fractional share from a stock dividend purchases the additional fraction necessary to make a whole share.

### **Line Item 6 Sale of common stock.**

Report the changes in the consolidated bank holding company's total equity capital resulting from the sale of the bank holding company's common stock.

#### **Line Item 6(a) Sale of common stock, gross.**

Report the total amount of new common stock issued by the consolidated bank holding company, net of any expenses associated with the issuance of such stock.

In the event of the formation of a new bank holding company over an existing bank that has been accounted for as a reorganization, report the bank holding company shares issued in this line item. See also the Glossary entry for "business combinations—reorganizations" for further information

#### **Line Item 6(b) Conversion or retirement of common stock.**

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

- (1) the conversion of convertible debt, limited-life preferred stock, or perpetual preferred stock into common stock.
- (2) Exercise of stock options, including:
  - (a) Any income tax benefits to the consolidated bank holding company resulting from the sale of the bank 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 bank holding company resulting from the exercise (or grant-

ing) of nonqualified stock options (on the bank 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 common 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 bank holding company stock or shares of stock of the bank holding company's subsidiary bank.

Include:

- (1) The net decrease in equity capital which occurs when cash is distributed in lieu of fractional shares in a stock dividend.
- (2) The net increase in equity capital when a stockholder who receives a fractional share from a stock dividend. Do not include dividends declared during the previous calendar year but paid in the current period.

Refer to the Glossary entry for "dividends" for further information on cash dividends.

#### **Line Item 7 Sale of treasury stock.**

Report the resale or other disposal of the bank holding company's own perpetual preferred stock or common stock, i.e., treasury stock transactions (see the Glossary entry for "treasury stock").

#### **Line Item 8 LESS: Purchase of treasury stock.**

Report the acquisition (without retirement) of the bank holding company's own perpetual preferred stock or common stock, i.e., treasury stock transactions (see the Glossary entry for "treasury stock"). Report the amount as an absolute value; do not enclose the amount in parentheses or use a minus (–) sign.

#### **Line Item 9 Changes incident to business combinations, net.**

If the bank holding company purchased another business during the year-to-date reporting period, report the fair

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## Schedule HI-A

value of any perpetual preferred or common shares issued (less the direct cost of issuing the shares). Exclude the fair value of limited-life preferred stock issued in connection with purchase acquisitions. Refer to the Glossary entry for “business combinations” for further information on purchase acquisitions.

If the bank holding company entered into a reorganization that became effective during the year-to-date reporting period and has been accounted at historical cost in a manner similar to a pooling of interests, report in this item the historical equity capital balances as of the end of the previous calendar year of the business that was combined in the reorganization. For further information on reorganizations, refer to the Glossary entry for “business combinations.”

### **Line Item 10 LESS: Cash dividends declared on preferred stock.**

Report all cash dividends declared on preferred stock (including limited-life preferred stock) during the calendar year-to-date, including dividends not payable until after the report date. Report the amount as an absolute value; do not enclose the amount in parentheses or use a minus (–) sign.

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

Refer to the Glossary entry for “dividends” for further information on cash dividends.

### **Line Item 11 LESS: Cash dividends declared on common stock.**

Report all cash dividends declared on common stock during the calendar year-to-date, including dividends not payable until after the report date. Report the amount as an absolute value; do not enclose the amount in parentheses or use a minus (–) sign.

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

For further information on cash dividends, see the Glossary entry for “dividends.”

### **Line Item 12 Other comprehensive income.**

Report the institution’s other comprehensive income, including reclassification adjustments, for the calendar year-to-date, net of applicable income taxes, if any. Reclassification adjustments are adjustments made to

avoid double counting of items in comprehensive income that are presented as part of net income for the calendar year-to-date reporting period that also had been presented as part of other comprehensive income in that reporting period or earlier reporting periods. If the amount to be reported in this item represents a reduction in the institution’s equity capital, report the amount with a minus (–) sign.

Items of other comprehensive income include:

- (1) The change in net unrealized holding gains (losses) on the institution’s available-for-sale securities.
- (2) Unrealized holding gains (losses) that result from a debt security being transferred into the available-for-sale category from the held-to-maturity category.
- (3) For a debt security transferred into the held-to-maturity category from the available-for-sale category, amortization of the unrealized holding gain (loss) on the security at the date of transfer. Consistent with ASC Subtopic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, “Accounting for Certain Investments in Debt and Equity Securities,” as amended), this unrealized holding gain (loss) should be amortized over the remaining life of the security as an adjustment of yield.
- (4) The portion of other-than-temporary impairment losses on available-for-sale and held-to-maturity debt securities that was not recognized in earnings in accordance with ASC Topic 320, Investments-Debt and Equity Securities, subsequent decreases (if not other-than-temporary impairment losses) or increases in the fair value of available-for-sale debt securities previously written down as other-than-temporarily impaired, and subsequent accretion (based on the amount and timing of future estimated cash flows) of the portion of other-than-temporary impairment losses on held-to-maturity debt securities not recognized in earnings.
- (5) The change in the institution’s accumulated net gains (losses) (effective portion) on derivative instruments that are designated and qualify as cash flow hedges.
- (6) The change in the institution’s cumulative foreign currency translation adjustments and gains (losses) on certain foreign currency transactions. Refer to the Glossary entry for “foreign currency transactions

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## Schedule HI-A

and translation” for further information on accounting for foreign currency translation.

- (7) Gains (losses) and transition assets or obligations associated with single-employer defined benefit pension and other postretirement plans not recognized immediately as a component of net periodic benefit cost and prior service costs or credits associated with such plans, which are accounted for in accordance with ASC Subtopic 715-20, Compensation-Retirement Benefits - Defined Benefit Plans-General (formerly FASB Statement No. 87, “Employers’ Accounting for Pensions”; FASB Statement No. 106, “Employers’ Accounting for Postretirement Benefits Other Than Pension”; and FASB Statement No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans”).

For further guidance on reporting other comprehensive income, see ASC Topic 220, Comprehensive Income (formerly FASB Statement No. 52, “Foreign Currency Translation”; FASB Statement No. 115, “Accounting for Certain Investments in Debt and Equity Securities,” as amended; FASB Statement No. 133, “Accounting for Derivative Instruments and Hedging Activities”; and FASB Statement No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans”).

**Line Item 13 Change in the offsetting debit to the liability for Employee Stock Ownership Plan (ESOP) debt guaranteed by the bank holding company.**

Report an amount in this item only if the consolidated bank holding company has guaranteed the debt of its ESOP. The amount reported in this item should reflect any changes during the calendar year-to-date to the offsetting debit to the liability recorded by the bank holding company in connection with ESOP debt guaranteed by the reporting company (that is, the equity contra account). The changes in this account result either:

(1) from the booking of an offsetting debit to any new ESOP debt guaranteed by the consolidated bank holding company; or (2) from any reduction in the equity contra account as existing guaranteed ESOP debt is amortized.

As the ESOP’s debt is amortized, the equity contra account is reduced, thereby increasing the total amount of equity capital reported as outstanding by the reporting bank holding company. As the ESOP borrows more funds that are guaranteed by the reporting bank holding company, the offsetting debit increases the equity contra account, thereby reducing the total amount of equity capital reported as outstanding.

When the net impact of these changes to the equity contra account results in an overall decrease to that account, the amount of that decrease should be reported in this item as an increase in the total amount of equity capital by adding that amount when calculating “changes in equity capital” for this schedule. When the net impact of these changes to the equity contra account results in an overall increase to that account, the amount of that increase should be reported in this item as a decrease in the total amount of equity capital by placing that amount in parenthesis and subtracting it when calculating “changes in equity capital” for this schedule.

**Line Item 14 Other adjustments to equity capital (not included above).**

Report in this item all other adjustments to equity capital that are not properly reported in items 1 through 13. Included are contributions of capital made to the holding company when the company is a partnership.

**Line Item 15 Total bank holding company equity capital end of current period.**

Report the sum of items 3, 4, 5, 6, 7, 9, 12, 13, and 14, less items 8, 10, and 11. This item must equal Schedule HC, item 27.a, “Total bank holding company equity capital.”

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LINE ITEM INSTRUCTIONS FOR

# Charge-Offs and Recoveries on Loans and Leases and Changes in Allowance for Loan and Lease Losses

## Schedule HI-B

### Part I. Charge-Offs and Recoveries on Loans and Leases

#### General Instructions

This part has two columns. In column A report loans and leases charged off during the current calendar year-to-date. Also include in column A write-downs to fair value on loans (and leases) transferred to the held-for-sale account during the calendar year to date that occurred when (1) the reporting bank holding 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. In column B report amounts recovered during the current calendar year-to-date on loans and leases previously charged off. For those bank holding companies or consolidated subsidiaries required to establish and maintain an allocated transfer risk reserve, 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, columns A and B of part I include loans and leases charged off against and amounts recovered, respectively, through the allocated transfer risk reserve.

These instructions should be read in conjunction with the Glossary entries for “allowance for loan and lease losses” and “domicile.”

#### Line Item 1 Loans secured by real estate.

Report in the appropriate subitem and column loans secured by real estate (as defined in Schedule HC-C, item 1) charged off and recovered.

#### Line Item 1(a) Construction, land development, and other land loans (in domestic offices).

Report in the appropriate subitem and column construction, land development, and other land loans (as defined

for Schedule HC-C, item 1(a), column B) charged off and recovered.

#### Line Item 1(a)(1) 1-4 family residential construction loans.

Report in columns A and B, as appropriate, 1-4 family residential construction loans (as defined for Schedule HC-C, item 1(a)(1), column B) charged off and recovered.

#### Line Item 1(a)(2) Other construction loans and all land development and other land loans.

Report in columns A and B, as appropriate, other construction loans and all land development and other land loans (as defined for Schedule HC-C, item 1(a)(2), column B) charged off and recovered.

#### Line Item 1(b) Secured by farmland in domestic offices.

Report in columns A and B, as appropriate, loans secured by farmland in domestic offices (as defined for Schedule HC-C, item 1(b), “Secured by farmland”).

#### Line Item 1(c) Secured by 1-4 family residential properties in domestic offices.

Report in columns A and B, as appropriate, in the subitems below, loans secured by 1-4 family residential properties in domestic offices (as defined for Schedule HC-C, item 1(c), “Secured by 1-4 family residential properties”).

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

Report in columns A and B, as appropriate, all revolving, open-end loans in domestic offices secured by 1-4 family

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## Schedule HI-B

residential properties and extended under lines of credit. Corresponds to Schedule HC-C, item 1(c)(1).

### **Line Item 1(c)(2) Closed-end loans secured by 1–4 family residential properties in domestic offices.**

Report in the appropriate subitem and column closed-end loans in domestic offices secured by 1–4 family residential properties charged off and recovered.

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

Report in columns A and B, as appropriate, closed-end loans secured by first liens on 1–4 family residential properties (as defined for Schedule HC-C, item 1(c)(2)(a), column B) charged off and recovered.

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

Report in columns A and B, as appropriate, closed-end loans secured by junior liens on 1–4 family residential properties (as defined for Schedule HC-C, item 1(c)(2)(b), column B) charged off and recovered. Include loans secured by junior liens in this item even if the bank holding company also holds a loan secured by a first lien on the same 1–4 family residential property and there are no intervening junior liens.

#### **Line Item 1(d) Secured by multifamily (5 or more) residential properties in domestic offices.**

Report in columns A and B, as appropriate, loans secured by multifamily (5 or more) residential properties in domestic offices (as defined for Schedule HC-C, item 1(d), “Secured by multifamily (5 or more) residential properties”).

#### **Line Item 1(e) Secured by nonfarm nonresidential properties (in domestic offices).**

Report in the appropriate subitem and column loans secured by nonfarm nonresidential properties (as defined for Schedule HC-C, item 1(e), column B) charged off and recovered.

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

Report in columns A and B, as appropriate, loans secured by owner-occupied nonfarm nonresidential properties (as defined for Schedule HC-C, item 1(e)(1), column B) charged off and recovered.

#### **Line Item 1(e)(2) Loans secured by other nonfarm nonresidential properties.**

Report in columns A and B, as appropriate, loans secured by other nonfarm nonresidential properties (as defined for Schedule HC-C, item 1(e)(2), column B) charged off and recovered.

#### **Line Item 1(f) In foreign offices.**

Report in columns A and B, as appropriate, loans secured by real estate in foreign offices.

### **Line Item 2 Loans to depository institutions and acceptances of other banks.**

Report in columns A and B, in the appropriate subitem, loans to depository institutions and acceptances of other banks (as defined for Schedule HC-C, item 2).

#### **Line Item 2(a) To U.S. banks and other U.S. depository institutions.**

Corresponds to Schedule HC-C, item 2(a).

#### **Line Item 2(b) To foreign banks.**

Corresponds to Schedule HC-C, item 2(b).

### **Line Item 3 Loans to finance agricultural production and other loans to farmers.**

Report in columns A and B, as appropriate, agricultural loans (as defined for Schedule HC-C, item 3, “Loans to finance agricultural production and other loans to farmers”).

### **Line Item 4 Commercial and industrial loans.**

#### **Line Item 4(a) To U.S. addressees.**

Report in columns A and B, as appropriate, commercial and industrial loans (as defined for Schedule HC-C, item 4(a), “Commercial and industrial loans to U.S. addressees”).

#### **Line Item 4(b) To non-U.S. addressees.**

Report in columns A and B, as appropriate, commercial and industrial loans to non-U.S. addressees (as defined for Schedule HC-C, item 4(b), “Commercial and industrial loans to non-U.S. addressees,” column A) charged-off and recovered.

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## Schedule HI-B

### **Line Item 5 Loans to individuals for household, family, and other personal expenditures.**

Report in the appropriate subitem and column loans to individuals for household, family, and other personal expenditures (as defined for Schedule HC-C, item 6) charged-off and recovered.

#### **Line Item 5(a) Credit cards.**

Report in columns A and B, as appropriate, all extensions of credit under credit cards (as defined for Schedule HC-C, items 6(a)) charged-off and recovered.

#### **Line Item 5(b) Automobile loans.**

Report in columns A and B, as appropriate, 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 (as defined for Schedule HC-C, item 6(c)) charged-off and recovered.

#### **Line Item 5(c) Other consumer loans (includes single payment, installment, all student loans, and revolving credit plans other than credit cards).**

Report in columns A and B, as appropriate, all other extensions of credit to individuals for household, family, and other personal expenditures (as defined for Schedule HC-C, items 6(b) and 6(d)) charged-off and recovered.

### **Line Item 6 Loans to foreign governments and official institutions.**

Report in columns A and B, as appropriate, all loans to foreign governments and official institutions (as defined for Schedule HC-C, item 7, "Loans to foreign governments and official institutions").

### **Line Item 7 All other loans.**

Report in columns A and B, as appropriate, other loans as defined for Schedule HC-C, item 9, "Loans to nondepository financial institutions and other loans."

### **Line Item 8 Lease financing receivables.**

Report in columns A and B, as appropriate, all lease financing receivables (as defined for Schedule HC-C, item 10) charged off and recovered.

### **Line Item 8(a) Leases to individuals for household, family, and other personal expenditures.**

Report in columns A and B, as appropriate, all leases to individuals for household, family, and other personal expenditures (as defined for Schedule HC-C, item 10(a), column A) charged off and recovered.

#### **Line Item 8(b) All other leases.**

Report in columns A and B, as appropriate, all other leases (as defined for Schedule HC-C, item 10(b), column A) charged off and recovered.

### **Line Item 9 Total.**

Report in columns A and B the sum of items 1 through 8. The amount reported in column A must equal part II, item 3, "Charge-offs," plus part II, item 4, "write-downs arising from transfers of loans to a held-for-sale account," below, and the amount reported in column B must equal part II, item 2, "Recoveries," below.

## **Memoranda**

### **Line Item M1 Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in items 4 and 7 above.**

Report in columns A and B, as appropriate, loans to finance commercial real estate, construction, and land development activities not secured by real estate (as defined for Schedule HC-C, Memorandum item 2). Such loans will have been included in items 4 and 7 of Schedule HI-B, part I, above. Exclude from this item all loans secured by real estate included in item 1 of Schedule HI-B, part I, above.

### **Line Item M2 Loans secured by real estate to non-U.S. addressees (domicile).**

Report in columns A and B, as appropriate, loans secured by real estate to non-U.S. addressees (as defined for Schedule HC-C, Memorandum item 3) included in Schedule HI-B, part I, item 1, above.

### **Line Item M3 Uncollectible retail credit card fees and finance charges reversed against income (i.e., not included in charge-offs against the allowance for loan and lease losses).**

*This item is to be completed by (1) bank holding companies that, together with affiliated institutions, have outstanding credit card receivables that exceed \$500 million*

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## Schedule HI-B

as of the report date or (2) bank holding companies that on a consolidated basis are credit card specialty holding companies.

Outstanding credit card receivables are the sum of:

- (a) Schedule HC-C, item 6(a), column A;
- (b) Schedule HC-S, item 1, column C; and
- (c) Schedule HC-S, item 6(a), column C.

Credit card specialty bank holding companies are defined as those bank holding companies that on a consolidated basis exceed 50 percent for the following two criteria:

- (a) the sum of credit card loans (Schedule HC-C, item 6(a), column A) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C) divided by the sum of total loans (Schedule HC-C, item 12, column A) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C); and
- (b) the sum of total loans (Schedule HC-C, item 12, column A) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C) divided by the sum of total assets (Schedule HC, item 12) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C).

Report the amount of fees and finance charges on credit cards (as defined for Schedule HC-C, item 6(a) that the bank holding company reversed against either interest and fee income or a separate contra-asset account during the calendar year-to-date. Report the amount of fees and finance charges that have been reversed on a gross basis, i.e., do *not* reduce the amount of reversed fees and finance charges by recoveries of these reversed fees and finance charges. *Exclude* from this item credit card fees and finance charges reported as charge-offs against the allowance for loan and lease losses in Schedule HI-B, part 1, item 5(a), column A.

### Part II. Allowance for Loan and Lease Losses

#### General Instructions

Report the reconciliation of the allowance for loan and lease losses on a calendar year-to-date basis.

For those bank holding companies required to establish and maintain an allocated transfer risk reserve 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, the reconciliation should include the activity in the allocated transfer risk reserve during the calendar year-to-date that relates to loans and leases. For reporting during 2003, the balance of any allocated transfer risk reserve reported in the FR Y-9C for December 31, 2002, that relates to loans and leases should be included in Schedule HI-B, part II, item 1, "Balance most recently reported at end of previous year."

*Exclude* the balances of the allowance for credit losses on off-balance sheet credit exposures reported in Schedule HC-G, item 3, and any capital reserves included in Schedule HC, item 26(a), "Retained earnings," and the effect of any transactions therein.

Refer to the Glossary entry for the "allowance for loan and lease losses" for further information.

*Business Combinations and Reorganizations* – If the bank holding company purchased another business during the reporting period, include the recoveries, charge-offs, and provisions of the acquired business only after its acquisition. Under ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), *Business Combinations*), the acquired loans and leases must be measured at their acquisition-date fair values. Therefore, the bank holding company may not carry over the allowance for loan and lease losses of the acquired business as of the acquisition date of the business combination.

If the bank holding company entered into a reorganization that became effective during the year-to-date reporting period and has been accounted for at historical cost in a manner similar to a pooling of interests, report the recoveries, charge-offs, and provisions of the combined entities for the entire calendar year-to-date as though they had combined at the beginning of the year. Report the balance as of the end of the previous calendar year of the allowance for loan and lease losses of the business that was combined in the reorganization in Schedule HI-B, part II, item 6, "Adjustments."

For further information on business combinations and reorganizations, see the Glossary entry for "business combinations."

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# Schedule HI-B

## **Line Item 1 Balance most recently reported at end of previous calendar year.**

Report the balance in the allowance for loan and lease losses from the Consolidated Financial Statements for Bank Holding Companies most recently reported at the previous calendar year-end after the effect of all corrections and adjustments to the allowance for loan and lease losses that were made in any amended report(s) for the previous calendar year-end. For reporting during 2003, the balance of any allocated transfer risk reserve reported in the FR Y-9C for December 31, 2002, that relates to loans and leases should be included in Schedule HI-B, part II, item 1.

## **Line Item 2 Recoveries.**

Report the amount credited to the allowance for loan and lease losses for recoveries during the calendar year-to-date on amounts previously charged against the allowance for loan and lease losses. The amount reported must equal part I, item 9, column B.

## **Line Item 3 LESS: Charge-offs.**

Report the amount of all loans and leases charged against the allowance for loan and lease losses during the calendar year-to-date. The amount reported in this item must equal Schedule HI-B, part I, item 9, column A, "Total" charge-offs, less Schedule HI-B, part II, item 4, "LESS: Write-downs arising from transfers of loans to a held-for-sale account."

## **Line Item 4 LESS: Write-downs arising from transfers of loans to a held-for-sale account.**

Report the amount of write-downs to fair value charged against the allowance for loan and lease losses resulting from transfers of loans and leases to a held-for-sale account during the calendar year-to-date that occurred when:

- (1) the reporting bank holding company decided to sell loans and leases that were not originated or otherwise acquired with the intent to sell, and
- (2) the fair value of those loans and leases had declined for any reason other than a change in the general market level of interest or foreign exchange rates.

## **Line Item 5 Provision for loan and lease losses.**

Report the amount expensed as the provision for loan and lease losses during the calendar year-to-date. The provision for loan and lease losses represents the amount needed to make the allowance for loan and lease losses adequate to absorb estimated loan and lease losses based upon management's evaluation of the bank holding company's current loan and lease exposures. The amount reported must equal Schedule HI, item 4. If an amount is negative, report with a minus (-) sign.

## **Line Item 6 Adjustments.**

Report the net cumulative effect of all corrections and adjustments made to the amount originally reported as the ending balances of the allowance for loan and lease losses as of the previous calendar year-end.

If the bank holding company entered into a reorganization that became effective during the year-to-date reporting period and has been accounted for at historical cost in a manner similar to a pooling of interests, report in this item the balance as of the end of the previous calendar year of the allowance for loan and lease losses of the business that was combined in the reorganization.

For bank holding companies with foreign offices, report any increases or decreases resulting from the translation into dollars of any portions of the allowance for loan and lease losses that are denominated in a foreign currency.

Report all other allowable adjustments made during the reporting period.

If the amount reported in this item is negative, report with a minus (-) sign.

## **Line Item 7 Balance at end of current period.**

Report the sum of item 1, 2, 5, and 6 less items 3 and 4 (must equal Schedule HC, item 4(c)).

## **Memoranda**

### **Line Item M1 Allocated transfer risk reserve included in Schedule HI-B, part II, item 7.**

Report the amount of any allocated transfer risk reserve related to loans and leases that the reporting bank holding company is required to establish and maintain that the bank holding company has included in the end-of-period balance of the allowance for loan and lease losses

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## Schedule HI-B

reported in Schedule HI-B, part II, item 7, and in Schedule HC, item 4(c).

### **Line Item M2 Separate valuation allowance for uncollectible retail credit card fees and finance charges.**

*This item is to be completed by (1) bank holding companies that, together with affiliated institutions, have outstanding credit card receivables that exceed \$500 million as of the report date or (2) bank holding companies that on a consolidated basis are credit card specialty holding companies.*

*Outstanding credit card receivables are the sum of:*

- (a) Schedule HC-C, item 6(a), column A;*
- (b) Schedule HC-S, item 1, column C; and*
- (c) Schedule HC-S, item 6(a), column C.*

*Credit card specialty bank holding companies are defined as those bank holding companies that on a consolidated basis exceed 50 percent for the following two criteria:*

- (a) the sum of credit card loans (Schedule HC-C, item 6(a), column A) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C) divided by the sum of total loans (Schedule HC-C, item 12, column A) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C); and*
- (b) the sum of total loans (Schedule HC-C, item 12, column A) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C) divided by the sum of total assets (Schedule HC, item 12) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C).*

Report the amount of any valuation allowance or contra-asset account that the bank holding company maintains separate from the allowance for loan and lease losses to account for uncollectible fees and finance charges on credit cards (as defined for Schedule HC-C, item 6(a)). This memorandum item is only applicable to those bank holding companies that maintain an allowance or contra-asset account separate from the allowance for loan and lease losses. Do *not* include in this item the amount of any valuation allowance established for impairment in retained interests in accrued interest receivable related to securitized credit cards.

### **Line Item M3 Amount of allowance for loan and lease losses attributable to retail credit card fees and finance charges.**

*This item is to be completed by (1) bank holding companies that, together with affiliated institutions, have outstanding credit card receivables that exceed \$500 million as of the report date or (2) bank holding companies that on a consolidated basis are credit card specialty holding companies.*

*Outstanding credit card receivables are the sum of:*

- (a) Schedule HC-C, item 6(a), column A;*
- (b) Schedule HC-S, item 1, column C; and*
- (c) Schedule HC-S, item 6(a), column C.*

*Credit card specialty bank holding companies are defined as those bank holding companies that on a consolidated basis exceed 50 percent for the following two criteria:*

- (a) the sum of credit card loans (Schedule HC-C, item 6(a), column A) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C) divided by the sum of total loans (Schedule HC-C, item 12, column A) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C); and*
- (b) the sum of total loans (Schedule HC-C, item 12, column A) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C) divided by the sum of total assets (Schedule HC, item 12) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C).*

Report in this item the amount of the allowance for loan and lease losses that is attributable to outstanding fees and finance charges on credit cards (as defined for Schedule HC-C, item 6(a)). This amount is a component of the amount reported in Schedule HC, item 4(c), and Schedule HI-B, part II, item 7. Do *not* include in this item the amount of any valuation allowance established for impairment in retained interests in accrued interest receivable related to securitized credit cards.

### **Line Item M4 Amount of allowance for post-acquisition losses on purchased impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3).**

*This item is to be completed by all bank holding companies.*

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## Schedule HI-B

Report in this item the amount of any valuation allowances established after acquisition for decreases in cash flows expected to be collected on purchased impaired loans reported as held for investment in Schedule HC, item 4(b), and accounted for in accordance with ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*). These post-acquisition allowances should be included in the bank holding company's allowance for loan and lease losses as reported in Schedule HC, item 4(c), and Schedule HI-B, part II, item 7. Under ASC Subtopic 310-30, if, upon evaluation subsequent to acquisition, based on

current information and events, it is probable that the bank holding company is unable to collect all cash flows expected at acquisition (plus additional cash flows expected to be collected arising from changes in estimate after acquisition) on a purchased impaired loan held for investment (and not accounted for as a debt security), the loan should be considered impaired for purposes of establishing an allowance pursuant to ASC Subtopic 450-20, Contingencies – Loss Contingencies (formerly FASB Statement No. 5, *Accounting for Contingencies*) or ASC Topic 310, Receivables (formerly FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan*), as appropriate.

# Notes to the Income Statement

## Predecessor Financial Items

### General Instructions

This one-time reporting schedule is event-driven. An event for reporting the income statement items below is defined as a business combination that occurred during the quarter (that is, the BHC consummated a merger or acquisition within the quarter). Complete this schedule only if the combined assets of the acquired entity(ies) are at least equal to \$10 billion or 5 percent of the reporting bank holding company's total consolidated assets at the previous quarter-end, whichever is less.

Report in accordance with these instructions the selected income statement information for any acquired company(ies), the predecessor, as described above. The information should be reported year to date of acquisition, that is, from January 1 of the current year to the last day prior to the acquisition date.

Only a single schedule should be completed with aggregated information for all entities acquired during the quarter. The combined assets of these firms should at least equal \$10 billion or 5 percent of the respondent's total consolidated assets at the previous quarter-end, whichever is less.

The reporting BHC may report the items below, net of merger-related adjustments, if any.

In the unlikely event that only a portion of a firm was purchased and actual financial statements for the acquired operations are not readily available, the reporting BHC may provide estimates in lieu of inaccessible actual data.

If a single transaction business combination occurred where the acquiree was another BHC that filed the FR Y-9C in the preceding quarter, and the combination occurred on the first day of the quarter, that event is exempt from being reported on this schedule. This exemption also applies if all entities acquired on the first day of the quarter were FR Y-9C filers as of the prior quarter.

The line item instructions should be read in conjunction with the instructions for Schedule HI, "Consolidated Report of Income."

### Line Item 1 Total interest income.

Report the total interest income of the acquired company for the year to date of acquisition.

Include as interest income:

- (1) Interest and fee income on loans;
- (2) Income from lease financing receivables;
- (3) Interest income on balances due from depository institutions;
- (4) Interest and dividend income on securities;
- (5) Interest income from trading assets; and
- (6) All other interest income.

### Line Item 1(a) Interest income on loans and leases.

Report the amount of interest income on loans and leases.

Include as interest income on loans and leases:

- (1) All interest, fees, and similar charges levied against or associated with all assets reportable as loans as defined in Schedule HC-C, items 1 through 9; and
- (2) Income from direct financing and leveraging leases as defined in Schedule HC-C, item 10.

### Line Item 1(b) Interest income on investment securities.

Report all income on assets that are reportable as securities as defined in Schedule HC-B.

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# Predecessor Financial Items

Include as interest income on investment securities:

- (1) Income from U.S. Treasury securities and U.S. government agency obligations;
- (2) Income from mortgage-backed securities; and
- (3) Income from all other securities.

## **Line Item 2 Total interest expense.**

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

Include as interest expense:

- (1) Interest on deposits;
- (2) Expense on federal funds purchased and securities sold under agreements to repurchase;
- (3) Interest on trading liabilities and other borrowed money;
- (4) Interest on subordinated notes and debentures and on mandatory convertible securities; and
- (5) All other interest expense.

### **Line Item 2(a) Interest expense on deposits.**

Report all interest expense, including amortization of the cost of merchandise or property offered in lieu of interest payments, on deposits as defined in Schedule HC, item 13(a)(2) and 13(b)(2).

Include as interest expense on deposits:

- (1) Interest on deposits in domestic offices including interest on time deposits and all other deposits; and
- (2) Interest on deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs.

### **Line Item 3 Net interest income.**

Report the difference between item 1, "Total interest income" and item 2, "Total interest expense." If the amount is negative, report with a minus (-) sign.

### **Line Item 4 Provision for loan and lease losses.**

Report the amount the acquired company needed to make the allowance for loan and lease losses, as defined in Schedule HC, item 4(c), adequate to absorb expected loan and lease losses, based upon management's evaluation of the consolidated bank holding company's loan and lease portfolio. Also include in this item any provi-

sion for allocated transfer risk related to loans and leases. Report negative amounts with a minus (-) sign.

Exclude provision for credit losses on off-balance sheet credit exposures.

The amount reported here may differ from the bad debt expense deduction taken for federal income tax purposes.

### **Line Item 5 Total noninterest income.**

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

Include as noninterest income:

- (1) Income from fiduciary activities;
- (2) Service charges on deposit accounts in domestic offices;
- (3) Trading revenue;
- (4) Investment banking, advisory, brokerage and underwriting fees and commissions;
- (5) Venture capital revenue;
- (6) Net servicing fees;
- (7) Net securitization income;
- (8) Insurance commissions and fees;
- (9) Net gains (losses) on sales of loans and leases;
- (10) Net gains (losses) on sales of other real estate owned;
- (11) Net gains (losses) on sales of other assets (excluding securities); and
- (12) Other noninterest income.

### **Line Item 5(a) Income from fiduciary activities.**

Report gross income from services rendered by the trust departments of the acquired company's banking subsidiaries or by any of the acquired company's consolidated subsidiaries acting in any fiduciary capacity. Include commissions and fees on the sales of annuities by these entities that were executed in a fiduciary capacity.

Exclude commissions and fees received for the accumulation or disbursement of funds deposited to Individual Retirement Accounts (IRAs) or Keogh Plan accounts when they were not handled by the trust departments of the acquired entity's subsidiary banks.

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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:

- (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:

- (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.

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## Predecessor Financial Items

### **Line Item 5(f) Insurance commissions and fees.**

Report the amount of premiums earned by bank 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 income taxes, extraordinary items, and other adjustments.**

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

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## Predecessor Financial Items

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 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,” 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.”

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:

- (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.**

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*).

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## 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,

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## Predecessor Financial Items

1986. Previous to that date, and after December 31, 1982, the disallowance percentage was 20%; previous to December 31, 1982, the disallowance was 0%.

# Notes to the Income Statement Other

This section has been provided to allow bank holding companies that so wish to explain the content of specific items in the income statement. The reporting bank holding company should include any transactions reported on Schedules HI through HI-B that it wishes to explain or that have been separately disclosed in the bank holding company's quarterly reports to its shareholders, in its press releases, or on its quarterly reports to the Securities and Exchange Commission (SEC).

*Exclude*, however, any transactions that have been separately disclosed under the reporting requirements specified in Memoranda items 6 through 8 to Schedule HI, the Consolidated Income Statement.

*Also include* any transactions which previously would have appeared as footnotes to Schedules HI through HI-B.

Report in the space provided the schedule and line item for which the holding company is specifying additional information, a description of the transaction and, in the column provided, the dollar amount associated with the transaction being disclosed.

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LINE ITEM INSTRUCTIONS FOR

# Consolidated Balance Sheet for Bank Holding Companies Schedule HC

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The line item instructions should be read in conjunction with the Glossary and other sections of these instructions. See the discussion of the Organization of the Instruction Book in the General Instructions. For purposes of these line item instructions, the FASB Accounting Standards Codification is referred to as “ASC.”

## Assets

### Line Item 1 Cash and balances due from depository institutions.

Report in item 1(a) noninterest-bearing balances due from depository institutions and currency and coin and in item 1(b) interest-bearing balances due from depository institutions.

Depository institutions cover the following

- (1) Depository institutions in the U.S., i.e.,
  - (a) U.S. branches and agencies of foreign banks (refer to the Glossary entry for “banks, U.S. and foreign” for the definition of this term);
  - (b) U.S. branches of U.S. banks (refer to the Glossary entry for “banks, U.S. and foreign”);
  - (c) savings or building and loan associations, home-stead associations, and cooperative banks;
  - (d) mutual and stock savings banks; and
  - (e) credit unions.
- (2) Banks in foreign countries, i.e.,
  - (a) foreign-domiciled branches of other U.S. banks; and
  - (b) foreign-domiciled branches of foreign banks.See the Glossary entry for “banks, U.S. and foreign” for a description of banks in foreign countries.
- (3) Foreign central banks, i.e.,
  - (a) foreign central banks in foreign countries;
  - (b) departments of foreign central governments that have, as an important part of their functions, activities similar to those of a central bank;

- (c) nationalized banks and banking institutions owned by central governments that have, as an important part of their functions, activities similar to those of a central bank; and

- (d) the Bank for International Settlements (BIS).

Balances due from such institutions cover all interest-bearing and noninterest-bearing balances whether in the form of demand, savings, or time balances, including certificates of deposit, but excluding any balances held in the consolidated bank holding company’s trading accounts. Balances with foreign central banks should include all balances with such entities, including reserve, operating, and investment balances. Balances should include “placements and redeposits” between foreign offices of the banking subsidiaries of the reporting bank holding company and foreign offices of other banks.

*Treatment of reciprocal balances with depository institutions.* Reciprocal balances arise when two depository institutions maintain balances with each other, i.e., each institution has both a “due from” and a “due to” balance with the other institution. For purposes of reporting on this schedule and on Schedule HC-E, Deposit Liabilities, reciprocal balances should be reported in accordance with generally accepted accounting principles.

For purposes of these reports, deposit accounts “due from” other depository institutions that are overdrawn are to be reported as borrowings in Schedule HC, item 16. For further information, refer to the Glossary entry for “overdraft.”

Exclude from items 1(a) and 1(b) the following

- (1) All intracompany transactions, i.e., all transactions between any offices of the consolidated bank holding company.
- (2) Claims on banks or other depository institutions held in the consolidated bank holding company’s trading accounts.

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## Schedule HC

- (3) Deposit accounts “due to” other depository institutions that are overdrawn (report in Schedule HC-C, item 2, “Loans to depository institutions and acceptances of other banks”).
- (4) Loans to depository institutions (report in Schedule HC-C, item 2).
- (5) Unavailable balances due from closed or liquidating banks or other depository institutions (report in Schedule HC, item 11, “Other assets”).

### **Line Item 1(a) Noninterest-bearing balances and currency and coin.**

Report the total of all noninterest-bearing balances due from depository institutions, currency and coin, cash items in process of collection, and unposted debits.

For purposes of this report, the consolidated bank holding company’s overdrafts on deposit accounts it holds with other depository institutions that are not consolidated on the reporting bank holding company’s FR Y-9C (i.e., its “due from” accounts) are to be reported as borrowings in Schedule HC, item 16, except overdrafts arising in connection with checks or drafts drawn by subsidiary depository institutions of the reporting bank holding company and drawn on, or payable at or through, another depository institution either on a zero-balance account or on an account that is not routinely maintained with sufficient balances to cover checks or drafts drawn in the normal course of business during the period until the amount of the checks or drafts is remitted to the other depository institution (in which case, report the funds received or held in connection with such checks or drafts as deposits in Schedule HC-E until the funds are remitted).

Noninterest-bearing balances include the following

- (1) Cash items in process of collection. Cash items in process of collection include the following:
  - (a) Checks or drafts in process of collection that are drawn on another depository institution (or on a Federal Reserve Bank) and that are payable immediately upon presentation in the country where the reporting bank holding company’s office that is clearing or collecting the check or draft is located. This includes checks or drafts drawn on other institutions that have already been forwarded for collection but for which the reporting bank has not yet been given credit

(“cash letters”) and checks or drafts on hand that will be presented for payment or forwarded for collection on the following business day.

- (b) Government checks drawn on the Treasurer of the United States or any other government agency that are payable immediately upon presentation and that are in process of collection.
  - (c) Such other items in process of collection that are payable immediately upon presentation and that are customarily cleared or collected as cash items by depository institutions in the country where the reporting bank holding company’s office which is clearing or collecting the item is located.
- (2) Unposted debits, which are cash items in a subsidiary depository institution’s possession, drawn on itself, that are immediately chargeable, but that have not been charged to the general ledger deposit control account at the close of business on the report date.
  - (3) Noninterest-bearing balances with depository institutions, i.e., whether in the form of demand, time, or savings balances, provided that the accounts pay no interest.
  - (4) Currency and coin. Include both U.S. and foreign currency and coin owned and held in all offices of the consolidated bank holding company; currency and coin in transit to a Federal Reserve Bank or to any other depository institution for which the reporting bank holding company’s subsidiaries have not yet received credit; and currency and coin in transit from a Federal Reserve Bank or from any other depository institution for which the accounts of the subsidiaries of the reporting bank holding company have already been charged. Foreign currency and coin should be converted into U.S. dollar equivalents as of the report date.

Exclude from this item the following

- (1) Credit or debit card sales slips in process of collection (report as noncash items in Schedule HC, item 11, “Other assets”). However, when the reporting bank holding company or its consolidated subsidiaries have been notified that they have been given credit, the amount of such sales slips should be reported in this item.
- (2) Cash items not conforming to the definition of in process of collection, whether or not cleared through

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## Schedule HC

Federal Reserve Banks (report in Schedule HC, item 11, "Other assets").

- (3) Commodity or bill-of-lading drafts (including arrival drafts) not yet payable (because the merchandise against which the draft was drawn has not yet arrived), whether or not deposit credit has been given. (If deposit credit has been given, report as loans in the appropriate item of Schedule HC-C; if the drafts were received on a collection basis, they should be excluded entirely from the consolidated bank holding company's balance sheet, Schedule HC, until the funds have actually been collected.)
- (4) Balances due from Federal Reserve Banks (report as interest-bearing balances in Schedule HC, item 1(b)).

### **Line Item 1(b) Interest-bearing balances.**

Report all interest-bearing balances due from depository institutions whether in the form of demand, savings, or time balances, including certificates of deposit, but excluding certificates of deposit held for trading. Include balances due from Federal Reserve Banks (including balances maintained to satisfy reserve balance requirements, excess balances, and term deposits), commercial banks in the U.S., other depository institutions in the U.S., Federal Home Loan Banks, banks in foreign countries, and foreign central banks. Include the fair value of interest-bearing balances due from depository institutions that are accounted for at fair value under a fair value option.

Exclude from interest-bearing balances:

- (1) Loans to depository institutions and acceptances of other banks (report in Schedule HC-C, item 2).
- (2) All interest-bearing balances that the reporting institution's trust department maintains with other depository institutions.
- (3) Certificates of deposit held for trading (report in Schedule HC, item 5).

### **Line Item 1(b)(1) In U.S. offices.**

Report the total of all interest-bearing balances due from depository institutions and foreign central banks that are held in offices of the bank holding company or its consolidated subsidiaries located in the fifty states of the United States and the District of Columbia. NOTE: This item should include balances due from unaffiliated U.S.

and foreign banks and central banks wherever those institutions are located, provided that such balances are booked as assets in domestic offices of the bank holding company or of its consolidated subsidiaries.

Exclude balances held in Edge and Agreement subsidiaries or in international banking facilities (IBFs) of the reporting bank holding company, which are considered foreign offices of the bank holding company for purposes of this report. Such balances are to be reported in item 1(b)(2) below.

### **Line Item 1(b)(2) In foreign offices, Edge and Agreement subsidiaries, and IBFs.**

This item is to be reported only by bank holding companies that have foreign offices or Edge or Agreement subsidiaries or whose consolidated subsidiaries have foreign offices, Edge or Agreement subsidiaries, or International Banking Facilities.

Report the total of all interest-bearing balances due from depository institutions, wherever located, provided that the reporting bank holding company or its consolidated subsidiaries book such balances as assets of offices that are located outside the fifty states of the United States and the District of Columbia. Also report all interest-bearing balances held in International Banking Facilities (IBFs) and in Edge and Agreement corporations of the reporting bank holding company or its consolidated subsidiaries.

### **Line Item 2 Securities.**

#### **Line Item 2(a) Held-to-maturity securities.**

Report the amount from Schedule HC-B, item 8, column A, "Total amortized cost."

#### **Line Item 2(b) Available-for-sale securities.**

Report the amount from Schedule HC-B, item 8, column D, "Total fair value."

### **Line Item 3 Federal funds sold and securities purchased under agreements to resell.**

#### **Line Item 3(a) Federal funds sold in domestic offices.**

Report the outstanding amount of federal funds sold, i.e., immediately available funds lent (in domestic offices) under agreements or contracts that *have an original maturity of one business day or roll over under a*

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## Schedule HC

*continuing contract*, excluding such funds lent in the form of securities purchased under agreements to resell (which should be reported in Schedule HC, item 3(b)) and overnight lending for commercial and industrial purposes (which generally should be reported in Schedule HC, item 4(b)). Transactions that are to be reported as federal funds sold may be secured or unsecured or may involve an agreement to resell loans or other instruments that are not securities.

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

Report federal funds sold on a gross basis, i.e., do *not* net them against federal funds purchased, except to the extent permitted under ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*).

Also *exclude* from federal funds sold

- (1) Sales of so-called “term federal funds” (as defined in the Glossary entry for “federal funds transactions”) (report in Schedule HC, item 4(b), “Loans and leases, net of unearned income”).
- (2) Securities resale agreements that *have an original maturity of one business day or roll over under a continuing contract*, if the agreement requires the bank holding company to resell the identical security purchased or a security that meets the definition of substantially the same in the case of a dollar roll (report in Schedule HC, item 3(b), “Securities purchased under agreements to resell”).
- (3) Deposit balances due from a Federal Home Loan Bank (report as balances due from depository institutions in Schedule HC, item 1(a) or 1(b), as appropriate).
- (4) Lending transactions in foreign offices involving immediately available funds with an original maturity of one business day or under a continuing contract that are not securities resale agreements

(report in Schedule RC, item 4(b), “Loans and leases, net of unearned income”).

For further information, *see* the Glossary entry for “federal funds transactions.”

### **Line Item 3(b) Securities purchased under agreements to resell.**

Report the outstanding amount of

- (1) Securities resale agreements, regardless of maturity, if the agreement requires the bank holding company to resell the identical security purchased or a security that meets the definition of substantially the same in the case of a dollar roll.
- (2) Purchases of participations in pools of securities, regardless of maturity.

Report securities purchased under agreements to resell on a gross basis, i.e., do *not* net them against securities sold under agreements to repurchase, except to the extent permitted under ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 41, *Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements*). Include the fair value of securities purchased under agreement to resell that are accounted for at fair value under a fair value option.

*Exclude* from this item

- (1) Resale agreements involving assets other than securities (report in Schedule HC, item 3(a), “Federal funds sold,” or item 4(b), “Loans and leases, net of unearned income,” as appropriate, depending on the maturity and office location of the transaction).
- (2) Due bills representing purchases of securities or other assets by the reporting bank holding company that have not yet been delivered and similar instruments, whether collateralized or uncollateralized (report in Schedule HC, item 4(b)). See the Glossary entry for “due bills.”
- (3) So-called yield maintenance dollar repurchase agreements (see the Glossary entry for “repurchase/resale agreements”).

For further information, *see* the Glossary entry for “repurchase/resale agreements.”

### **Line Item 4 Loans and lease financing receivables.**

Report in the appropriate subitem loans and leases held for sale and loans and leases that the reporting bank

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# Schedule HC

holding company has the intent and ability to hold for the 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 bank 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 bank 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.

Pursuant to ASC Topic 825, Financial Instruments (formerly FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*), 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 bank holding company has elected to report at fair value under a fair value option with changes in fair value reported in current earnings should be classified as trading securities. In addition, for purposes of this report, bank 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 bank 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 bank holding company would generally not classify a loan to which it has applied the fair value option as a trading asset unless the bank 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, 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. Loans (not classified as trading) and leases held for

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## Schedule HC

sale should be reported in Schedule HC, item 4(a), “Loans and leases held for sale,” and in Schedule HC-C.

Trading assets also include derivatives with a positive fair value resulting from the “marking to market” of interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts held for trading purposes as of the report date. Derivative contracts with the same counterparty that have positive fair values and negative fair values and meet the criteria for a valid right of setoff contained in ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*) (e.g., those contracts subject to a qualifying master netting agreement) may be reported on a net basis using this item and Schedule HC, item 15, “Trading liabilities,” as appropriate. (See the Glossary entry for “offsetting.”)

For those bank holding companies that must complete Schedule HC-D, this item must equal Schedule HC-D, item 12, “Total trading assets,” and Schedule HC-Q, item 2, column A.

### **Line Item 6 Premises and fixed assets.**

Report the book value, less accumulated depreciation or amortization, of all premises, equipment, furniture, and fixtures purchased directly or acquired by means of a capital lease. The method of depreciation or amortization should conform to generally accepted accounting principles.

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

Include the following as premises and fixed assets

- (1) Premises that are actually owned and occupied (or to be occupied, if under construction) by the bank holding company, its consolidated subsidiaries, or their branches.
- (2) Leasehold improvements, vaults, and fixed machinery and equipment.
- (3) Remodeling costs to existing premises.
- (4) Real estate acquired and intended to be used for future expansion.
- (5) Parking lots that are used by customers or employees of the bank holding company, its consolidated subsidiaries, and their branches.

- (6) Furniture, fixtures, and movable equipment of the bank holding company, its consolidated subsidiaries, and their branches.
- (7) Automobiles, airplanes, and other vehicles owned by the bank holding company or its consolidated subsidiaries and used in the conduct of its business.
- (8) The amount of capital lease property (with the bank holding company or its consolidated subsidiaries as lessee)—premises, furniture, fixtures, and equipment. See the discussion of accounting with bank holding company as lessee in the Glossary entry for “lease accounting.”
- (9) Stocks and bonds issued by nonmajority-owned corporations whose principal activity is the ownership of land, buildings, equipment, furniture, or fixtures occupied or used (or to be occupied or used) by the bank holding company, its consolidated subsidiaries, or their branches.

Property formerly but no longer used for banking or nonbanking activities may be reported in this item as “Premises and fixed assets” or in item 7, “Other real estate owned.”

Exclude from premises and fixed assets

- (1) Original paintings, antiques, and similar valuable objects (report in item 11, “Other assets”);
- (2) Favorable leasehold rights (report in item 10(b), “Other intangible assets”); and
- (3) Loans and advances, whether secured or unsecured, to individuals, partnerships, and nonmajority-owned corporations for the purpose of purchasing or holding land, buildings, or fixtures occupied or used (or to be occupied or used) by the bank holding company, its consolidated subsidiaries, or their branches (report in item 4(b) “Loans and leases, net of unearned income”).

### **Line Item 7 Other real estate owned.**

Report the total amount of other real estate owned from Schedule HC-M, item 13. For further information on other real estate owned, see the instructions to Schedule HC-M, item 13, and the Glossary entry for “foreclosed assets.”

### **Line Item 8 Investments in unconsolidated subsidiaries and associated companies.**

Report the amount of the bank holding company’s investments in the stock of all subsidiaries that have not been

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## Schedule HC

consolidated, associated companies, corporate joint ventures, unincorporated joint ventures, and general partnerships over which the bank holding company exercises significant influence; and noncontrolling investments in certain limited partnerships and limited liability companies (described in the Glossary entry for “equity method of accounting”), excluding those that represent direct and indirect investments in real estate venture (which are to be reported in Schedule HC, item 9). The entities in which these investments have been made are collectively referred to as “investees.” Special purpose entities issuing trust preferred securities that a bank holding company deconsolidates under GAAP generally are considered unconsolidated subsidiaries for regulatory reporting and other regulatory purposes. Include such investments in unconsolidated special purpose entities that issue trust preferred securities. Also include loans and advances to investees and holdings of their bonds, notes, and debentures.

Investments in the common stock of investees shall be reported using the equity method of accounting in accordance with GAAP. Under the equity method, the carrying value of the bank holding company’s investment in the common stock of an investee is originally recorded at cost but is adjusted periodically to record as income the bank holding company’s proportionate share of the investee’s earnings or losses and decreased by the amount of any cash dividends received from the investee and amortization of goodwill.

For purposes of this report, the date through which the carrying value of the bank 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 date.

Unconsolidated subsidiaries include all subsidiaries of the reporting bank holding company that are 50 percent or less owned (i.e., less than majority-owned) by the reporting bank holding company or, for some reason under GAAP, are not consolidated on the reporting bank holding company’s consolidated financial statements. Refer to the General Instructions section of this book for a more detailed discussion of consolidation. See also the Glossary entry for “subsidiaries” for definitions of subsidiary, associated companies, and joint ventures.

### **Line Item 9 Direct and indirect investments in real estate ventures.**

Report the amount of the bank holding company’s direct and indirect investments in real estate ventures.

Exclude real estate acquired in any manner for debts previously contracted, including, but not limited to, real estate acquired through foreclosure or acquired by deed in lieu of foreclosure, and equity holdings that indirectly represent such real estate (report in Schedule HC-M, item 13, “Other real estate owned”). Include as direct and indirect investments in real estate ventures:

- (1) Any real estate acquired, directly or indirectly, by the bank holding company or a consolidated subsidiary and held for development, resale, or other investment purposes. (Do not include real estate acquired in any manner for debts previously contracted, including, but not limited to, real estate acquired through foreclosure or acquired by deed in lieu of foreclosure. Report such real estate in Schedule HC-M, item 13.)
- (2) Real estate acquisition, development, or construction (ADC) arrangements which are accounted for as direct investments in real estate or real estate joint ventures in accordance with ASC Subtopic 310-10, *Receivables – Overall* (formerly AICPA Practice Bulletin 1, Appendix, Exhibit I, *ADC Arrangements*).
- (3) Real estate acquired and held for investment by the bank holding company or a consolidated subsidiary that has been sold under contract and accounted for under the deposit method of accounting in accordance with ASC Subtopic 360-20, *Property, Plant, and Equipment – Real Estate Sales* (formerly FASB Statement No. 66, *Accounting for Sales of Real Estate*). Under this method, the seller does not record notes receivable, but continues to report the real estate and any related existing debt on its balance sheet. The deposit method is used when a sale has not been consummated and is commonly used when recovery of the carrying value of the property is not reasonably assured. If the full accrual, installment, cost recovery, reduced profit, or percentage-of-completion method of accounting under ASC Subtopic 360-20 is being used to account for the sale, the receivable resulting from the sale of the real estate should be reported as a loan in Schedule HC-C and any gain on the sale should be recognized in accordance with ASC Subtopic 360-20.
- (4) Any other loans secured by real estate and advanced for real estate acquisition, development, or investment purposes if the reporting bank holding company in substance has virtually the same risks and potential

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## Schedule HC

rewards as an investor in the borrower's real estate venture.

- (5) Investments in subsidiaries that have not been consolidated; associated companies; corporate joint ventures, unincorporated joint ventures, and general partnerships over which the bank holding company exercises significant influence; and noncontrolling investments in certain limited partnerships and limited liability companies (described in the Glossary entry for "equity method of accounting") that are primarily engaged in the holding of real estate for development, resale, or other investment purposes. The entities in which these investments have been made are collectively referred to as "investees." Investments by the bank holding company in these investees may be in the form of common or preferred stock, partnership interests, loans or other advances, bonds, notes, or debentures. Such investments shall be reported using the equity method of accounting. For further information on the equity method, see the instruction to Schedule HC, item 8, above.
- (6) Investments in corporate joint ventures, unincorporated joint ventures, and general partnerships over which the bank holding company does not exercise significant influence and investments in limited partnerships and limited liability companies that are so minor that the bank holding company has virtually no influence over the partnership or company, where the entity in which the investment has been made is primarily engaged in the holding of real estate for development, resale, or other investment purposes.

### **Line Item 10 Intangible assets.**

Report in the appropriate subitem the amount of intangible assets. Such intangibles may arise from the following:

- (1) business combinations accounted for under the purchase method in accordance with generally accepted accounting principles, and
- (2) acquisitions of portions or segments of another institution's business, such as branch offices, mortgage servicing portfolios, and credit card portfolios.

### **Line Item 10(a) Goodwill.**

Report the carrying amount of goodwill. Goodwill represents the excess of the cost of a company over the sum of

the fair values of the tangible assets and identifiable intangible assets acquired less the fair value of liabilities assumed in a business combination accounted for as a purchase.

Goodwill should not be amortized, but must be tested for impairment as described in the instructions to Schedule HI, item 7(c)(1), "Goodwill impairment losses."

### **Line Item 10(b) Other intangible assets.**

Report the total amount of other intangible assets from Schedule HC-M, line item 12(d). For further information on other intangible assets, see the instructions to Schedule HC-M, line items 12(a) through 12(c).

### **Line Item 11 Other assets.**

Report the total amount of other assets from Schedule HC-F, line item 7. For further information, see the instructions for Schedule HC-F, line items 1 through 6.

### **Line Item 12 Total assets.**

Report the sum of items 1 through 11. This item must equal item 29, "Total liabilities and equity capital."

## **Liabilities**

### **Line Item 13 Deposits.**

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

### **Line Item 13(a) In domestic offices.**

Report the total of all deposits that are booked at domestic offices of depository institutions that are consolidated subsidiaries of the reporting bank holding company. This item must equal the sum of Schedule HC-E, items 1(a) through 1(e) and 2(a) through 2(e).

### **Line Item 13(a)(1) Noninterest-bearing.**

Report the total of all noninterest-bearing deposits in domestic offices of depository institutions that are consolidated subsidiaries of the reporting bank holding company included in Schedule HC-E, Deposit Liabilities. Noninterest-bearing deposits include noninterest-bearing demand, time, and savings deposits.

### **Line Item 13(a)(2) Interest-bearing.**

Report the total of all interest-bearing deposits in domestic offices of depository institutions that are consolidated

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## Schedule HC

subsidiaries of the reporting bank holding company included in Schedule HC-E, Deposit Liabilities. Include interest-bearing demand deposits.

### **Line Item 13(b) In foreign offices, Edge and Agreement subsidiaries, and IBFs.**

NOTE: This item is to be reported only by bank holding companies that have foreign offices or Edge or Agreement subsidiaries or whose consolidated subsidiaries have foreign offices, Edge or Agreement subsidiaries, or International Banking Facilities.

Report the total of all deposits booked at foreign offices of depository institutions that are consolidated subsidiaries of the reporting bank holding company, their Edge and Agreement subsidiaries, and their IBFs.

#### **Line Item 13(b)(1) Noninterest-bearing.**

Report the total of all noninterest-bearing deposits in foreign offices of depository institutions that are consolidated subsidiaries of the reporting bank holding company.

#### **Line Item 13(b)(2) Interest-bearing.**

Report the total of all interest-bearing deposits in foreign offices of depository institutions that are consolidated subsidiaries of the reporting bank holding company.

### **Line Item 14 Federal funds purchased and securities sold under agreements to repurchase.**

#### **Line Item 14(a) Federal funds purchased in domestic offices.**

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

Immediately available funds are funds that the purchasing institution can either use or dispose of on the same business day that the transaction giving rise to the receipt

or disposal of the funds is executed. A continuing contract, regardless of the terminology used, is an agreement that remains in effect for more than one business day, but has no specified maturity and does not require advance notice of the lender or the borrower to terminate.

Report federal funds purchased on a gross basis, i.e., do not net them against federal funds sold, except to the extent permitted under ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*).

*Also exclude* from federal funds purchased

- (1) Purchases of so-called “term federal funds” (as defined in the Glossary entry for “federal funds transactions”) (report in Schedule HC, item 16, “Other borrowed money”).
- (2) Securities repurchase agreements that *have an original maturity of one business day or roll over under a continuing contract*, if the agreement requires the bank holding company to repurchase the identical security sold or a security that meets the definition of substantially the same in the case of a dollar roll (report in Schedule HC, item 14(b), “Securities sold under agreements to repurchase”).
- (3) Borrowings from a Federal Home Loan Bank or a Federal Reserve Bank (report those in the form of securities repurchase agreements in Schedule HC, item 14(b), and all other borrowings in Schedule HC, item 16).
- (4) Borrowing transactions in foreign offices involving immediately available funds with an original maturity of one business day or under a continuing contract that are not securities repurchase agreements (report in Schedule HC, item 16).

For further information, *see* the Glossary entry for “federal funds transactions.”

#### **Line Item 14(b) Securities sold under agreements to repurchase.**

Report the outstanding amount of

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

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## Schedule HC

- (2) Sales of participations in pools of securities, regardless of maturity.

Report securities sold under agreements to repurchase on a gross basis, i.e., do *not* net them against securities purchased under agreements to resell, except to the extent permitted under ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 41 *Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements*).

*Exclude* from this item

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

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

### **Line Item 15 Trading liabilities.**

Report the amount of liabilities from the reporting bank holding company’s trading activities. Include liabilities resulting from the sales of assets that the reporting bank holding company does not own (see Glossary entry for “short position”) and revaluation losses from “marking to market” derivative contracts into which the reporting bank holding company has entered for trading, dealer, customer accommodation, and similar purposes.

In addition, for purposes of this report, bank holding companies may classify liabilities as trading if the bank 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 bank holding companies that must complete Schedule HC-D, “Trading Assets and Liabilities,” the amount reported in this item must equal Schedule HC-D, item 15, and Schedule HC-Q, item 5, column A.

### **Line Item 16 Other borrowed money.**

Report the total amount of other borrowed money from Schedule HC-M, line item 14(d). For further information on other borrowed money, see the instructions to Schedule HC-M, line items 14(a) through 14(c).

### **Line Item 17 Not applicable.**

### **Line Item 18 Not applicable.**

### **Line Item 19(a) Subordinated notes and debentures.**

Report the amount of subordinated debt of the consolidated bank holding company. Include the amount of outstanding notes and debentures that are subordinated to the deposits of the subsidiary depository institutions (see the Glossary entry for “subordinated notes and debentures”) and any other debt that is designated as subordinated in its indenture agreement.

Include in this line item the total amount of outstanding equity contract notes and equity commitment notes that qualify as capital, as defined by the Federal Reserve Board’s capital adequacy guidelines, 12 C.F.R., Part 225, Appendix B.

Also include perpetual debt securities that are subordinated.

For purposes of this item, report the amount of any outstanding limited-life preferred stock including any amounts received in excess of its par or stated value. (See the Glossary entry for “preferred stock” for the definition of limited-life preferred stock.)

For purposes of this report, do not include instruments generally referred to as trust preferred securities in this item. Such securities of consolidated special purpose entities should be reported in line item 19(b), “Subordinated notes payable to unconsolidated trusts issuing trust preferred securities, and trust preferred securities issued by consolidated special purpose entities.”

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## Schedule HC

Also do not include reportable notes payable to unconsolidated special purpose entities that issue trust preferred securities. Report such notes payable in line item 19(b).

**Line Item 19(b) Subordinated notes payable to unconsolidated trusts issuing trust preferred securities, and trust preferred securities issued by consolidated special purpose entities.**

Report the amount of subordinated notes payable to *unconsolidated* special purpose entities (trusts) that issue trust preferred securities. If the bank holding company *consolidates* special purpose entities that issue trust preferred securities, report the amount of the trust preferred securities issued by the special purpose entity. For further information, see the glossary entry for “Trust preferred securities issued.”

**Line Item 20 Other liabilities.**

Report the total amount of other liabilities from Schedule HC-G, line item 5. For further information see the instructions for Schedule HC-G, line items 2 through 4.

**Line Item 21 Total liabilities.**

Report the sum of items 13 through 20.

**Line Item 22 Not applicable.**

### Equity Capital

**Line Item 23 Perpetual preferred stock and related surplus.**

Report the amount of perpetual preferred stock issued, including any amounts received in excess of its par or stated value. (See the Glossary entry for “preferred stock” for the definition of perpetual preferred stock.)

**Line Item 24 Common stock (par value).**

Report the aggregate par or stated value of common stock issued.

**Line Item 25 Surplus (exclude all surplus related to preferred stock).**

Report the net amount formally transferred to the surplus account, including capital contributions, and any amount received for common stock in excess of its par or stated value on or before the report date.

Do not include any portion of the proceeds received from the sale of limited-life preferred stock in excess of its par or stated value (report in Schedule HC, item 19(a)) or any portion of the proceeds received from the sale of perpetual preferred stock in excess of its par or stated value (report in Schedule HC, item 23).

**Line Item 26(a) Retained earnings.**

Report the amount of retained earnings (including capital reserves) as of the report date. The amount of the retained earnings should reflect the transfer of net income, declaration of dividends, transfers to surplus, and any other appropriate entries.

Adjustments of accruals and other accounting estimates made shortly after the report date that relate to the income and expenses of the year-to-date period ended as of the report date must be reported in the appropriate items of Schedule HI, Income Statement, for that year-to-date period.

Capital reserves are segregations of retained earnings and are not to be reported as liability accounts or as reductions of asset balances. Capital reserves may be established for such purposes as follows:

- (1) Reserve for undeclared stock dividends—includes amounts set aside to provide for stock dividends (not cash dividends) not yet declared.
- (2) Reserve for undeclared cash dividends—includes amounts set aside for cash dividends on common and preferred stock not yet declared. (Cash dividends declared but not yet payable should be included in item 20, “Other liabilities,” of this schedule.)
- (3) Retirement account (for limited-life preferred stock or notes and debentures subordinated to deposits)—includes amounts allocated under the plan for retirement of limited-life preferred stock or notes and debentures subordinated to deposits contained in the bank holding company’s articles of association or in the agreement under which such stock or notes and debentures were issued.
- (4) Reserve for contingencies includes amounts set aside for possible unforeseen or indeterminate liabilities not otherwise reflected on the bank holding company’s books and not covered by insurance. This reserve may include, for example, reserves set up to provide for possible losses that bank holding

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## Schedule HC

company may sustain because of lawsuits, the deductible amount under the bank holding company's blanket bond, defaults on obligations for which the bank holding company is contingently liable, or other claims against the bank holding company. A reserve for contingencies represents a segregation of retained earnings. It should not include any element of known losses or of any probable losses the amount of which can be estimated with reasonable accuracy (see the Glossary entry for "loss contingencies" for additional information).

Exclude the following from retained earnings:

- (1) The amount of the cumulative foreign currency translation adjustment (report in item 26(b)).
- (2) Any portion of the proceeds received from the sale of perpetual preferred stock and common stock in excess of its par or stated value (report surplus related to perpetual preferred stock in item 23 and surplus related to common stock in item 25 except where required by state law or regulation).
- (3) Any portion of the proceeds received from the sale of limited-life preferred stock in excess of its par or stated value (report in Schedule HC, item 19(a)).
- (4) "Reserves" that reduce the related asset balances such as valuation allowances (e.g., allowance for loan and lease losses), reserves for depreciation, and reserves for bond premiums.

### **Line Item 26(b) Accumulated other comprehensive income.**

Report in this item the amount of other comprehensive income in conformity with the requirements of ASC Subtopic 220-10, Comprehensive Income – Overall (formerly FASB Statement No. 130, *Reporting Comprehensive Income*). Accumulated other comprehensive income includes net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, foreign currency translation adjustments, and minimum pension liability adjustments. Net unrealized holding gains (losses) on available-for-sale securities is the difference between the amortized cost and fair value of the reporting bank holding company and its consolidated subsidiaries' available-for-sale securities, net of tax effects, as of the report date. For most bank holding companies, all "securities," as the term is defined in ASC Topic 320, Investments-Debt and

Equity Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*), that are designated as "available-for-sale" will be reported as "available-for-sale securities" in Schedule HC, item 2(b), and in Schedule HC-B, columns C and D. However, a bank holding company may have certain assets that fall within the definition of "securities" in ASC Topic 320 (e.g., commercial paper, non-rated industrial development obligations) that the bank holding company has designated as "available-for-sale" which are reported for purposes of the FR Y-9C in a balance sheet category other than "securities" (e.g., "loans and lease financing receivables"). These "available-for-sale" assets must be carried on the FR Y-9C balance sheet at fair value rather than amortized cost and the difference between these two amounts, net of tax effects, must be included in this item.

Also include in this item the unamortized amount of the unrealized holding gain or loss at the date of transfer of any debt security transferred into the held-to-maturity category from the available-for-sale category. When a debt security is transferred from available-for-sale to held-to-maturity, the unrealized holding gain or loss at the date of transfer continues to be reported in this equity capital account, but must be amortized over the remaining life of the security as an adjustment of yield in a manner consistent with the amortization of any premium or discount.

Accumulated net gains (losses) on cash flow hedges<sup>1</sup> is the effective portion<sup>2</sup> of the accumulated change in fair value (gain or loss) on derivatives designated and qualifying as cash flow hedges in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement

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1. Generally, the objective of a cash flow hedge is to link a derivative to an existing recognized asset or liability or a forecasted transaction with exposure to variability in expected future cash flows, e.g., the future interest payments (receipts) on a variable-rate liability (asset) or a forecasted purchase (sale). The changes in cash flows of the derivative are expected to offset changes in cash flows of the hedged item or transaction. To achieve the matching of cash flows, ASC Topic 815 requires that changes in fair value of properly designated and qualifying derivatives initially be reported in a separate component of equity (accumulated other comprehensive income) and reclassified into earnings in the same period that the hedged transaction affects earnings.

2. The effective portion of a cash flow hedge can be described as a change in fair value of the derivative that offsets the change in expected future cash flows being hedged. Refer to ASC Topic 815, for further information.

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## Schedule HC

No. 133, *Accounting for Derivative Instruments and Hedging Activities*).

Under ASC Topic 815, a bank holding company that elects to apply hedge accounting must exclude from net income the effective portion of the change in fair value of a derivative designated as a cash flow hedge and record it on the balance sheet in a separate component of equity capital (referred to as “accumulated other comprehensive income” in the accounting standard). The ineffective portion of the cash flow hedge must be reported in earnings. The equity capital component (i.e., the accumulated other comprehensive income) associated with a hedged transaction should be adjusted each reporting period to a balance that reflects the lesser (in absolute amounts) of:

- (1) the cumulative gain or loss on the derivative from inception of the hedge, less (a) amounts excluded consistent with the bank holding company’s defined risk management strategy, and (b) the derivative’s gains or losses previously reclassified from accumulated other comprehensive income into earnings to offset the hedged transaction, or
- (2) The portion of the cumulative gain or loss on the derivative necessary to offset the cumulative change in expected future cash flows on the hedged transaction from inception of the hedge less the derivative’s gains or losses previously reclassified from accumulated other comprehensive income into earnings.

Accordingly, the amount reported in this item should reflect the sum of the adjusted balance (as described above) of the cumulative gain or loss for each derivative designated and qualifying as a cash flow hedge. These amounts will be reclassified into earnings in the same period or periods during which the hedged transactions affects earnings (for example, when a hedged variable-rate interest receipt on a loan is accrued or when a forecasted sale occurs).

Include in this item the sum of the bank holding company’s foreign currency translation adjustments accumulated in accordance with ASC Topic 830, *Foreign Currency Matters*, (formerly FASB Statement No. 52, *Foreign Currency Translation*). A net debit balance should be reported as a reduction of the total amount reported in this item (See the Glossary entry for “foreign currency transactions and translation” for further information.)

Report any minimum pension liability adjustment recognized in accordance with ASC Topic 715, *Compensation-Retirement Benefits* (formerly FASB Statement No. 87, *Employers’ Accounting for Pensions*). Under ASC Topic 715, an employer must report in a separate component of equity capital, net of any applicable tax benefits, the excess of additional pension liability over unrecognized prior service cost.

### **Line Item 26(c) Other equity capital components.**

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

### **Line Item 27(a) Total bank holding company equity capital.**

Report the sum of items 23 through 26(c). This item must equal HI-A, item 15, “Total bank holding company equity capital end of current period.”

### **Line Item 27(b) Noncontrolling (minority) interests in consolidated subsidiaries.**

Report the portion of the equity capital accounts of all consolidated subsidiaries of the reporting bank holding company held by parties other than the parent bank holding company. A noncontrolling interest, sometimes called a minority interest, is the portion of equity in a subsidiary not attributable, directly or indirectly, to the parent bank holding company.

### **Line Item 28 Total equity capital.**

Report the sum of items 27(a) and 27(b).

### **Line Item 29 Total liabilities and equity capital.**

Report the sum of items 21 and 28. This item must equal Schedule HC, item 12, “Total assets.”

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# Schedule HC

## Memoranda

**Line Item M1 Has the bank holding company engaged in a full-scope independent external audit at any time during the calendar year?**

Enter a “1” for yes if the bank holding company has engaged in a full-scope independent external audit (in which an opinion is rendered on their financial statements) at any time during the calendar year as of the December 31 report date. Also enter a “1” for yes if the bank holding company has engaged or begun a full-scope independent external audit by December 31 that has not yet concluded. Enter a “0” if the response to this question is no. *If the response to this question is yes, the bank holding company must complete all of Memoranda item 2 below. If the response to this question is no, skip Memoranda item 2.*

**Line Item M2 If the response to Memoranda item 1 is yes, indicate below the name and address of the bank holding company’s independent external auditing firm, and the name and e-mail address of the auditing firm’s engagement partner.**

Report in memoranda item 2(a) the name and address (city, U.S. Postal Service abbreviation for state, zip code)

of the bank holding company’s independent external auditing firm. An independent auditing firm is a company that provides full-scope auditing services to the bank holding company in which an opinion is rendered on their financial statements. Bank holding companies that do not have a full-scope audit conducted of their financial statements do not need to complete this item.

Report in memoranda item 2(b) the name and e-mail address of the independent external auditing firm’s engagement partner (partner in charge of the audit). This contact information is for the confidential use of the Federal Reserve and will not be released to the public.

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## LINE ITEM INSTRUCTIONS FOR

# Securities

## Schedule HC-B

### 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.<sup>1</sup> 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 all securities held for trading and securities the bank holding company has elected to report at fair value under a fair value option even if bank 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 bank 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, amortized cost is the purchase price of a debt security adjusted for amortization of premium or accre-

tion 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*), fair value 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.”

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 Servicing (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

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1. Available-for-sale securities are generally reported in Schedule HC-B, columns C and D. However, a bank 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 bank 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”).

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## Schedule HC-B

information, see the Glossary entry for “transfers of financial assets” and “repurchase/resale agreements.”

- (3) Pledged securities—Pledge securities that have not been transferred to the secured party should continue to be included in the pledging bank holding company’s holdings of securities that are reported in Schedule HC-B. If the reporting bank holding company has transferred pledged securities to the secured party, the reporting bank holding company should account for the pledged securities in accordance with ASC Topic 860.
- (4) Securities borrowed and lent—Securities borrowed and lent shall be reported on the balance sheet of either the borrowing or lending bank holding company or its consolidated subsidiaries in accordance with ASC Topic 860. For further information, see the Glossary entries for “transfers of financial assets” and “securities borrowing/lending transactions.”
- (5) Short sales of securities—Such transactions are to be reported as described in the Glossary entry for “short position.”
- (6) Futures, forward, and standby contracts—Such open contracts to buy or sell in the future are to be reported as derivatives in Schedule HC-L, item 11).

### **Line Item 1 U.S. Treasury securities.**

Report in the appropriate columns the amortized cost and fair value of all U.S. Treasury securities not held in trading accounts. Include all bills, certificates of indebtedness, notes, and bonds, including those issued under the Separate Trading of Registered Interest and Principal of Securities (STRIPS) program and those that are “inflation indexed.”

Exclude all obligations of U.S. government agencies and corporations. Also exclude detached Treasury security coupons and ex-coupon Treasury securities held as the result of either their purchase or the bank’s stripping of such securities and Treasury receipts such as CATs, TIGRs, COUGARs, LIONs, and ETRs (report in item 6). (Refer to the Glossary entry for “coupon stripping” for additional information.)

### **Line Item 2 U.S. government agency obligations (exclude mortgage-backed securities).**

Report in the appropriate columns of the appropriate subitem the amortized cost and fair value of all U.S.

government agency and obligations (excluding mortgage-backed securities) not held in trading accounts.

For purposes of this line item, exclude from U.S. government agency obligations:

- (1) Loans to the Export Import Bank and to federally-sponsored lending agencies (report in “All other loans,” Schedule HC-C, item 9). Refer to the Glossary entry for federally-sponsored lending agency for the definition of this term.
- (2) All holdings of U.S. government-issued or -guaranteed mortgage pass-through securities (report in item 4(a) below).
- (3) Collateralized mortgage obligations (CMOs), real estate mortgage investments conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs) and similar instruments) issued by U.S. government agencies and corporations (report in item 4(b) below).
- (4) Participations in pools of Federal Housing Administration (FHA) Title I loans, which generally consist of junior lien home improvement loans.

### **Line Item 2(a) Issued by U.S. government agencies.**

Report in the appropriate columns the amortized cost and fair value of all obligations not held in trading accounts that have been issued by U.S. government agencies. For purposes of this item, a U.S. government agency is defined as an instrumentality of the U.S. government whose debt obligations are fully and explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. government.

Include, among others, debt securities (but not mortgage-backed securities) of the following U.S. government agencies:

- (1) Export–Import Bank (Ex-Im Bank)
- (2) Federal Housing Administration (FHA)
- (3) Government National Mortgage Association (GNMA)
- (4) Maritime Administration
- (5) Small Business Administration (SBA)

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# Schedule HC-B

Include such obligations as:

- (1) Small Business Administration (SBA) “Guaranteed Loan Pool Certificates,” which represent an undivided interest in a pool of SBA-guaranteed portion of loans for which the SBA has further guaranteed the timely payment of scheduled principal and interest payments.
- (2) Participation certificates issued by the Export–Import Bank and the General Services Administration.
- (3) Notes issued by the Farmers Home Administration (FmHA) and instruments (certificates of beneficial ownership and insured note insurance contracts) representing an interest in FmHA-insured notes.

## **Line Item 2(b) Issued by U.S. government-sponsored agencies.**

Report in the appropriate column the amortized cost and fair value of all obligations not held in trading accounts that have been issued by U.S. government-sponsored agencies. For purposes of the FR Y-9C, U.S. government-sponsored agencies are defined as agencies originally established or chartered by the U.S. government to serve public purposes specified by the U.S. Congress but whose debt obligations are not explicitly guaranteed by the full faith and credit of the U.S. government.

Include, among others, debt securities (but not mortgage-backed securities) of the following government-sponsored agencies:

- (1) Federal Agricultural Mortgage Corporation (Farmer Mac)
- (2) Federal Farm Credit Banks
- (3) Federal Home Loan Banks (FHLBs)
- (4) Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
- (5) Federal Land Banks (FLBs)
- (6) Federal National Mortgage Association (FNMA or Fannie Mae)
- (7) Financing Corporation (FICO)
- (8) Resolution Funding Corporation (REFCORP)
- (9) Student Loan Marketing Association (SLMA or Sallie Mae)

(10) Tennessee Valley Authority (TVA)

(11) U.S. Postal Service

Exclude debt securities issued by SLM Corporation, the private-sector corporation that is the successor to the Student Loan Marketing Association (report in Schedule HC-B, item 6(a), “Other domestic debt securities,” below), and securitized student loans issued by SLM Corporation (or its affiliates) (report in Schedule HC-B, item 5, “Asset-backed securities,” below).

## **Line Item 3 Securities issued by states and political subdivisions in the U.S.**

Report amortized cost and fair value of all securities issued by states and political subdivisions in the United States not held in trading accounts.

States and political subdivisions in the U.S., for purposes of this report, include:

- (1) the fifty states of the United States and the District of Columbia and their counties, municipalities, school districts, irrigation districts, and drainage and sewer districts; and
- (2) the governments of Puerto Rico and of the U.S. territories and possessions and their political subdivisions.

Securities issued by states and political subdivisions include:

- (1) General obligations, which are securities whose principal and interest will be paid from the general tax receipts of the state or political subdivision.
- (2) Revenue obligations, are securities whose debt service is paid solely from the revenues of the projects financed by the securities rather than from general tax funds.
- (3) Industrial development and similar obligations.

*Treatment of industrial development bonds (IDBs).* IDBs, sometimes referred to as “industrial revenue bonds,” are typically issued by local industrial development authorities to benefit private commercial and industrial development. For purposes of this report, all IDBs should be reported as securities in this item or as loans in Schedule HC-C, (item 9) consistent with the asset category in which the bank holding company reports its IDBs

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## Schedule HC-B

on its balance sheet for other financial reporting purposes. Regardless of whether they are reported as securities in Schedule HC-B or as loans in Schedule HC-C, all IDBs that meet the definition of a “security” in ASC Topic 320, *Investment-Debt and Equity Securities* (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*) must be measured in accordance with ASC Topic 320.

*Treatment of other obligations of state and political subdivisions in the U.S.* In addition to those IDBs that are reported as securities in accordance with the preceding paragraph, also include in this item as securities issued by states and political subdivisions in the U.S., all obligations other than IDBs that meet any of the following criteria:

- (1) Nonrated obligations of states and political subdivisions in the U.S., other than those specifically excluded below, that the bank holding company considers securities for other financial reporting purposes.
- (2) Notes, bonds, and debentures (including tax warrants and tax-anticipation notes) that are rated by a nationally-recognized rating service.
- (3) Obligations of state and local governments that are guaranteed by the U.S. government (excluding mortgage-backed securities).

Exclude from item 3:

- (1) All overdrafts of states and political subdivisions in the U.S. (report as loans in Schedule HC, item 4(b), and Schedule HC-C, item 9).
- (2) All lease financing receivables of states and political subdivisions in the U.S. (report as leases in Schedule HC, item 4(b), and Schedule HC-C, item 10).
- (3) All IDBs that are to be reported as loans in accordance with the reporting treatment described above (report as loans in Schedule HC, item 4(b), and Schedule HC-C; item 9).
- (4) All other nonrated obligations of states and political subdivisions in the U.S. that the bank holding company considers loans for other financial reporting purposes (report as loans in Schedule HC, item 4(b), and Schedule HC-C, item 9).
- (5) All mortgage pass-through securities issued by state and local housing authorities in the U.S. (report in Schedule HC-B, item 4(a) below).

- (6) Collateralized mortgage obligations (CMOs), real estate mortgage investments conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments) issued by state and local housing authorities in the U.S. (report in Schedule HC-B, item 4(b) below).
- (7) All obligations of states and political subdivisions in the U.S. held by the reporting bank holding company or its consolidated subsidiaries in trading accounts (report in Schedule HC, item 5).

### **Line Item 4 Mortgage-backed securities (MBS).**

Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all residential and commercial mortgage-backed securities, including mortgage pass-through securities, collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments), and mortgage-backed commercial paper not held for trading.

*Exclude from mortgage-backed securities:*

- (1) Securities backed by loans extended under home equity lines, i.e., revolving open-end lines of credit secured by 1-4 family residential properties (report as asset-backed securities in Schedule HC-B, item 5, and, if applicable, in Schedule HC-B, Memorandum item 5(b), “Home equity lines”).
- (2) Bonds issued by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) that are collateralized by mortgages, i.e., mortgage-backed bonds, (report in Schedule HC-B, item 2(b), Obligations “Issued by U.S. Government-sponsored agencies”) and mortgage-backed bonds issued by non-U.S. Government issuers (report in Schedule HC-B, item 6, “Other debt securities,” below).
- (3) Participation certificates issued by the Export-Import Bank and the General Services Administration (report in Schedule HC-B, item 2(a), Obligations “Issued by U.S. Government agencies”).
- (4) Participation certificates issued by a Federal Intermediate Credit Bank (report in Schedule HC-F, item 4,

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## Schedule HC-B

“Equity securities that do not have readily determinable fair values”).

### **Line Item 4(a) Residential mortgage pass-through securities.**

Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all holdings of residential mortgage pass-through securities that are not held for trading. In general, a residential mortgage pass-through security represents an undivided interest in a pool of loans secured by 1-4 family residential properties that provides the holder with a pro rata share of all principal and interest payments on the residential mortgages in the pool, and includes certificates of participation in pools of residential mortgages.

*Include* certificates of participation in pools of 1-4 family residential mortgages even though the reporting bank holding company was the original holder of the mortgages underlying the pool and holds the instruments covering that pool, as may be the case with GNMA certificates issued by the bank holding company and swaps with FNMA and FHLMC. Also include U.S. Government-issued participation certificates (PCs) that represent a pro rata share of all principal and interest payments on a pool of resecured participation certificates that, in turn, are backed by 1-4 family residential mortgages, e.g., FHLMC Giant PCs.

*Exclude* all holdings of commercial mortgage pass-through securities, including pass-through securities backed by loans secured by multifamily (5 or more) residential properties (report in Schedule HC-B, item 4(c)(1), below). Also exclude all collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments), and mortgage-backed commercial paper (report in Schedule HC-B, item 4(b) or 4(c)(2), below, as appropriate).

### **Line Item 4(a)(1) Guaranteed by GNMA.**

Report in the appropriate columns the amortized cost and fair value of all holdings of 1-4 family residential mortgage pass-through securities guaranteed by the Government National Mortgage Association (GNMA) that are not held for trading. Exclude 1-4 family residential

mortgage pass-through securities issued by FNMA and FHLMC (report in Schedule HC-B, item 4(a)(2), below).

### **Line Item 4(a)(2) Issued by FNMA and FHLMC.**

Report in the appropriate columns the amortized cost and fair value of all holdings of 1-4 family residential mortgage pass-through securities issued by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) that are not held for trading. Exclude 1-4 family residential mortgage pass-through securities that are guaranteed by the Government National Mortgage Association (GNMA) (report in Schedule HC-B, item 4(a)(1), above).

### **Line Item 4(a)(3) Other pass-through securities.**

Report in the appropriate columns the amortized cost and fair value of all holdings of 1-4 family residential mortgage pass-through securities issued by others (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.) that are not guaranteed by the U.S. Government and are not held for trading.

If the bank holding company has issued pass-through securities backed by a pool of its own 1-4 family residential mortgages and the certificates are not guaranteed by the U.S. Government, any holdings of these pass-through securities (not held for trading) are to be reported in this item.

### **Line Item 4(b) Other residential mortgage-backed securities.**

Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all 1-4 family residential mortgage-backed securities other than pass-through securities that are not held for trading.

Other residential mortgage-backed securities include:

- (1) All classes of collateralized mortgage obligations (CMOs) and real estate mortgage investments conduits (REMICs) backed by loans secured by 1-4 family residential properties.
- (2) CMO and REMIC residuals and similar interests backed by loans secured by 1-4 family residential properties.
- (3) Stripped 1-4 family residential mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments).

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## Schedule HC-B

(4) Commercial paper backed by loans secured by 1-4 family residential properties.

### **Line Item 4(b)(1) Issued or guaranteed by U.S. Government agencies or sponsored agencies.**

Report in the appropriate columns the amortized cost and fair value of all classes of CMOs and REMICs, CMO and REMIC residuals, and stripped mortgage-backed securities issued or guaranteed by U.S. Government agencies or U.S. Government-sponsored agencies that are backed by loans secured by 1-4 family residential properties. For purposes of this report, include REMICs issued by the U.S. Department of Veterans Affairs (VA) that are backed by 1-4 family residential mortgages in this item.

U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

### **Line Item 4(b)(2) Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies.**

Report in the appropriate columns the amortized cost and fair value of all classes of CMOs, REMICs, CMO and REMIC residuals, and stripped mortgage-backed securities issued by non-U.S. Government issuers (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.) for which the collateral consists of GNMA (Ginnie Mae) residential pass-through securities, FNMA (Fannie Mae) residential pass-through securities, FHLMC (Freddie Mac) residential participation certificates, or other residential mortgage-backed securities (i.e., classes of CMOs or REMICs, CMO or REMIC residuals, and stripped mortgage-backed securities) issued or guaranteed by U.S. Government agencies or U.S. Government-sponsored agencies.

### **Line Item 4(b)(3) All other residential MBS.**

Report in the appropriate columns the amortized cost and fair value of all CMOs, REMICs, CMO and REMIC residuals, stripped mortgage-backed securities, and commercial paper backed by loans secured by 1-4 family residential properties (or by securities collateralized by

such loans) that have been issued by non-U.S. Government issuers (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.), for which the collateral does not consist of GNMA (Ginnie Mae) residential pass-through securities, FNMA (Fannie Mae) residential pass-through securities, FHLMC (Freddie Mac) residential participation certificates, or other residential mortgage-backed securities (i.e., classes of CMOs or REMICs, CMO or REMIC residuals, and stripped mortgage-backed securities) issued or guaranteed by FNMA, FHLMC, GNMA, or VA.

### **Line Item 4(c) Commercial MBS.**

Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all holdings of commercial mortgage-backed securities issued by U.S. Government-sponsored agencies or by others that are not held for trading. In general, a commercial mortgage-backed security represents an interest in a pool of loans secured by properties other than 1-4 family residential properties.

### **Line Item 4(c)(1) Commercial mortgage pass-through securities.**

Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all holdings of commercial mortgage pass-through securities. In general, a commercial mortgage pass-through security represents an undivided interest in a pool of loans secured by properties other than 1-4 family residential properties that provides the holder with a pro rata share of all principal and interest payments on the mortgages in the pool.

### **Line Item 4(c)(1)(a) Issued or guaranteed by FNMA, FHLMC, or GNMA.**

Report in the appropriate columns the amortized cost and fair value of all holdings of commercial mortgage pass-through securities issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) or guaranteed by the Government National Mortgage Association (GNMA). Also include commercial mortgage pass-through securities guaranteed by the Small Business Administration.

### **Line Item 4(c)(1)(b) Other pass-through securities.**

Report in the appropriate columns the amortized cost and fair value of all holdings of commercial mortgage pass-through securities issued or guaranteed by non-U.S. Government issuers.

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# Schedule HC-B

## **Line Item 4(c)(2) Other commercial mortgage-backed securities.**

Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all CMOs, REMICs, CMO and REMIC residuals, stripped mortgage-backed securities, and commercial paper backed by loans secured by properties other than 1-4 family residential properties. Exclude commercial mortgage pass-through securities (report in Schedule HC-B, item 4(c)(1), above).

### **Line Item 4(c)(2)(a) Issued or guaranteed by U.S. Government agencies or sponsored agencies.**

Report in the appropriate columns the amortized cost and fair value of all CMOs, REMICs, CMO and REMIC residuals, stripped mortgage-backed securities, and commercial paper backed by loans secured by properties other than 1-4 family residential properties that have been issued by U.S. Government agencies or U.S. Government-sponsored agencies.

U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

### **Line Item 4(c)(2)(b) All other commercial MBS.**

Report in the appropriate columns the amortized cost and fair value of all CMOs, REMICs, CMO and REMIC residuals, stripped mortgage-backed securities, and commercial paper backed by loans secured by properties other than 1-4 family residential properties that have been issued or guaranteed by non-U.S. Government issuers.

## **Line Item 5 Asset-backed securities and structured financial products:**

### **Line Item 5(a) Asset-backed securities.**

Report in the appropriate columns the amortized cost and fair value of all asset-backed securities (other than mortgage-backed securities), including asset-backed commercial paper, not held for trading. For bank holding companies with foreign offices or with \$1 billion or more in total assets, this item must equal Schedule HC-B, sum of Memorandum items 5(a) through 5(f).

### **Line Item 5(b) Structured financial products.**

Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all structured financial products not held for trading according to whether the product is a cash, synthetic, or hybrid instrument. Structured financial products generally convert a pool of assets (such as whole loans, securitized assets, and bonds) and other exposures (such as derivatives) into products that are tradable capital market debt instruments. Some of the more complex financial product structures mix asset classes in order to create investment products that diversify risk. One of the more common structured financial products is referred to as a collateralized debt obligation (CDO). Other products include synthetic structured financial products (such as synthetic CDOs) that use credit derivatives and a reference pool of assets, hybrid structured products that mix cash and synthetic instruments, collateralized bond obligations (CBOs), resecuritizations such as CDOs squared or cubed (which are CDOs backed primarily by the tranches of other CDOs), and other similar structured financial products. For each column, the sum of items 5(b)(1) through 5(b)(3) must equal the sum of Memorandum items 6(a) through 6(g).

*Exclude* from structured financial products:

- (1) Mortgage-backed pass-through securities (report in Schedule HC-B, item 4, above).
- (2) Collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, stripped mortgage-backed securities, and mortgage-backed commercial paper (report in Schedule HC-B, item 4, above).
- (3) Asset-backed commercial paper not held for trading (report in Schedule HC-B, item 5(a), above).
- (4) Asset-backed securities that are primarily secured by one type of asset (report in Schedule HC-B, item 5(a), above).
- (5) Securities backed by loans that are commonly regarded as asset-backed securities rather than collateralized loan obligations in the marketplace (report in Schedule HC-B, item 5(a), above).

### **Line Item 5(b)(1) Cash instruments.**

Report in the appropriate columns the amortized cost and fair value of structured financial products (as defined in

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## Schedule HC-B

Schedule HC-B, item 5(b), above) that are cash instruments. A cash instrument means that the instrument represents a claim against a reference pool of assets.

### **Line Item 5(b)(2) Synthetic instruments.**

Report in the appropriate columns the amortized cost and fair value of structured financial products (as defined in Schedule HC-B, item 5(b), above) that are synthetic instruments. A synthetic instrument means that the investors do not have a claim against a reference pool of assets; rather, the originating bank holding company merely transfers the inherent credit risk of the reference pool of assets by such means as a credit default swap, a total return swap, or another arrangement in which the counterparty agrees upon specific contractual covenants to cover a predetermined amount of losses in the loan pool.

### **Line Item 5(b)(3) Hybrid instruments.**

Report in the appropriate columns the amortized cost and fair value of structured financial products (as defined in Schedule HC-B, item 5(b), above) that are hybrid instruments. A hybrid instrument means that the instrument is a mix of both cash and synthetic instruments.

### **Line Item 6 Other debt securities.**

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

Exclude from other debt securities:

- (1) All holdings of certificates of participation in pools of residential mortgages, collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments) (report in Schedule HC-B, item 4 above).
- (2) Holdings of bankers acceptances, and certificates of deposit, which are not classified as securities for purposes of this report.
- (3) All securities that meet the definition of an “equity security” in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and*

*Equity Securities*), for example, common and perpetual preferred stock. (See, for example, the instructions to Schedule HC-B, item 7, and Schedule HC-F, item 4.)

### **Line Item 6(a) Other domestic debt securities.**

Include in this item:

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

### **Line Item 6(b) Foreign debt securities.**

Report in this item the amortized cost and fair value of foreign debt securities not held for trading issued by non-U.S.-chartered corporations, foreign governments, or special international organizations.

Include in this item as foreign debt securities the following:

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

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## Schedule HC-B

issuing enterprise or is redeemable at the option of the investor (i.e., redeemable or limited-life preferred stock).

### **Line Item 7 Investments in mutual funds and other equity securities with readily determinable fair values.**

Report in columns C and D the historical cost and fair value, respectively, of all investments in mutual funds and other equity securities (as defined in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*) with readily determinable fair values. Such securities include, but are not limited to, money market mutual funds, mutual funds that invest solely in U.S. government securities, common stock, and perpetual preferred stock. Perpetual preferred stock does not have a stated maturity date and cannot be redeemed at the option of the investor, although it may be redeemable at the option of the issuer.

According to ASC Topic 320, the fair value of an equity security is readily determinable if sales prices or bid-and-asked quotations are currently available on a securities exchange registered with the Securities and Exchange Commission (SEC) or in the over-the-counter market, provided that those prices or quotations for the over-the-counter market are publicly reported by the National Association of Securities Dealers Automated Quotations systems or by Pink Sheets LLC. (“Restricted stock” meets that definition if the restriction terminates within one year.) The fair value of an equity security traded only in a foreign market is readily determinable if that foreign market is of a breadth and scope comparable to one of the U.S. markets referred to above. The fair value of an investment in a mutual fund is readily determinable if the fair value per share (unit) is determined and published and is the basis for current transactions.

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

*Include* in this item common stock and perpetual preferred stock of the Federal National Mortgage Association (Fannie Mae), common stock and perpetual preferred stock of the Federal Home Loan Mortgage Corporation (Freddie Mac), Class A voting and Class C non-voting common stock of the Federal Agricultural

Mortgage Corporation (Farmer Mac), and common and preferred stock of SLM Corporation (the private-sector successor to the Student Loan Marketing Association).

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

- (1) Paid-in stock of a Federal Reserve Bank (report as an equity security that does not have a readily determinable fair value in Schedule HC-F, item 4).
- (2) Stock of a Federal Home Loan Bank (report as an equity security that does not have a readily determinable fair value in Schedule HC-F, item 4).
- (3) Common and preferred stocks that do not have readily determinable fair values, such as stock of bankers’ banks and Class B voting common stock of the Federal Agricultural Mortgage Corporation (Farmer Mac) (report in Schedule HC-F, item 4).
- (4) Preferred stock that by its terms either must be redeemed by the issuing enterprise or is redeemable at the option of the investor (i.e., redeemable or limited-life preferred stock), including trust preferred securities subject to mandatory redemption (report such preferred stock as an other debt security in Schedule HC-B, item 6, above).
- (5) “Restricted stock,” i.e., equity securities for which sale is restricted by governmental or contractual requirement (other than in connection with being pledged as collateral), except if that requirement terminates within one year or if the holder has the power by contract or otherwise to cause the requirement to be met within one year (if the restriction does not terminate within one year, report “restricted stock” as an equity security that does not have a readily determinable fair value in Schedule HC-F, item 4).
- (6) Participation certificates issued by a Federal Intermediate Credit Bank, which represent nonvoting stock in the bank (report as an equity security that does not have a readily determinable fair value in Schedule HC-F, item 4).
- (7) Minority interests held by the reporting bank holding company in any companies not meeting the definition of associated company (report as equity securities that do not have a readily determinable fair value in Schedule HC-F, item 4), except minority holdings

## Schedule HC-B

that indirectly represent bank holding company premises (report in Schedule HC, item 6) or other real estate owned (report in Schedule HC, item 7), provided that the fair value of any capital stock representing the minority interest is not readily determinable. (See the Glossary entry for “subsidiaries” for the definition of associated company.)

- (8) Equity holdings in those corporate joint ventures over which the reporting bank holding company does not exercise significant influence (report as equity securities that do not have a readily determinable fair value in Schedule HC-F, item 4), except equity holdings that indirectly represent bank holding company premises (report in schedule HC, item 6) or other real estate owned (report in Schedule HC, item 7). (See the Glossary entry for “subsidiaries” for the definition of corporate joint venture.)
- (9) Holding of capital stock of and investments in unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the reporting bank holding company exercises significant influence (report in Schedule HC, item 8, “Investments in unconsolidated subsidiaries and associated companies”).

### Line Item 8 Total.

Report the sum of items 1 through 7. The total of column A for this item must equal Schedule HC, item 2(a), “Held-to-maturity securities.” The total for column D must equal Schedule HC, item 2(b), “Available-for-sale securities.”

### Line Item M1 Pledged securities.

Report the amortized cost of all held-to-maturity securities and the fair value of all available-for-sale securities included in this schedule that are pledged to secure deposits, repurchase transactions, or other borrowings (regardless of the balance of the deposits or other liabilities against which the securities are pledged), as performance bonds under futures or forward contracts, or for any other purpose. Include as pledged securities:

- (1) Held-to-maturity and available-for-sale securities that have been “loaned” in securities borrowing/lending transactions that do not qualify as sales under ASC Topic 860, Transfers and Servicing (formerly FASB

Statement No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,” as amended).

- (2) Held-to-maturity and available-for-sale securities held by consolidated variable interest entities (VIEs) that can be used only to settle obligations of the same consolidated VIEs (the amounts of which are also reported in Schedule HC-V, items 1(b) and 1(c).
- (3) Held-to-maturity and available-for-sale securities owned by consolidated insurance subsidiaries and held in custodial trusts that are pledged to insurance companies external to the consolidated bank holding company.

### Line Item M2 Remaining maturity or next repricing date of debt securities.

Report in memorandum items 2(a) through 2(c) below the remaining maturity or next repricing date of debt securities held by the consolidated bank holding company that are included in items 1 through 6 above. Report the amortized cost of held-to-maturity securities and the fair value of available-for-sale securities as reported in columns A and D above in the appropriate subitems.

Exclude from memorandum item 2 the bank holding company’s holdings of equity securities with readily determinable fair values (reported in Schedule HC-B, item 7, above) (e.g., investments in mutual funds, common stock, preferred stock). Also exclude those debt securities that are reported as “nonaccrual” in Schedule HC-N, item 9, column C.

For purposes of this memorandum item, the following definitions apply:

*Remaining maturity* is the amount of time remaining from the report date until the final contractual maturity of the instrument without regard to the instrument’s repayment schedule, if any.

A *fixed interest rate* is a rate that is specified at the origination of the transaction, is fixed and invariable during the term of the debt security, and is known to both the borrower and the lender. Also treated as a fixed interest rate is a predetermined interest rate which is a rate that changes during the term of the debt security on a predetermined basis, with the exact rate of interest over the life of the debt security known with certainty to both the borrower and the lender when the debt security is acquired.

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## Schedule HC-B

A *floating rate* is a rate that varies, or can vary, in relation to an index, to some other interest rate such as the rate on certain U.S. Government securities or the “prime rate,” or to some other variable criterion the exact value of which cannot be known in advance. Therefore, the exact rate the debt security carries at any subsequent time cannot be known at the time of origination.

When the rate on a debt security with a floating rate has reached a contractual floor or ceiling level, the debt security is to be treated as “fixed rate” rather than as “floating rate” until the rate is again free to float.

*Next repricing date* is the date the interest rate on a floating rate debt security can next change in accordance with the terms of the contract (without regard to the security’s repayment schedule, if any, or expected prepayments) or the contractual maturity date of the security, whichever is earlier.

Bank holding companies whose records or information systems provide data on the final contractual maturities, next repricing dates, and expected average lives of their debt securities for time periods that closely approximate the maturity periods specified in Memorandum items 2(a) through 2(c) (e.g., 359 or 360 days rather than 1 year) may use these dates to complete Memorandum items 2(a) through 2(c).

For debt securities with scheduled contractual payments, bank holding companies whose records or information systems provide repricing data that take into account these scheduled contractual payments, with or without the effect of anticipated prepayments, may adjust these data in an appropriate manner to derive reasonable estimates for the final contractual maturities of fixed rate debt securities and floating rate debt securities and the next repricing dates of floating rate debt securities.

Callable fixed rate debt securities should be reported in Memorandum items 2(a), 2(b) and 2(c) without regard to their next call date unless the security has actually been called. When fixed rate debt securities have been called, they should be reported on the basis of the time remaining until the call date. Callable floating rate debt securities should be reported on the basis of their next repricing date without regard to their next call date if the security has not been called. Those that have been called should be reported based on the earlier of their next repricing date or their actual call date.

Fixed rate mortgage pass-through securities (such as

those guaranteed by the Government National Mortgage Association (GNMA) or issued by the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and certain banks, savings associations, and securities dealers) and fixed rate Small Business Administration (SBA) “Guaranteed Loan Pool Certificates” should be reported on the basis of the time remaining until their final contractual maturity without regard to either expected prepayments or scheduled contractual payments. Floating rate mortgage pass-through securities and SBA “Guaranteed Loan Pool Certificates” should be reported on the basis of their next repricing date.

Fixed rate debt securities that provide the reporting bank holding company with the option to redeem them at one or more specified dates prior to their contractual maturity date, so-called “put bonds,” should be reported on the basis of the time remaining until the next “put” date. Floating rate “put bonds” should be reported on the basis of their next repricing date without regard to “put” dates if the bank holding company has not exercised the put. If a “put” has been exercised but the security has not yet been repaid, the “put” bond should be reported based on the earlier of its next repricing date or its scheduled repayment date.

Zero coupon debt securities, including U.S. Treasury bills, should be treated as fixed rate debt securities for purposes of this Memorandum item.

### **Line Item M2(a) 1 year and less.**

Report in this item all securities held by the consolidated bank holding company with a remaining maturity or amount of time remaining until next repricing date of one year or less.

### **Line Item M2(b) Over 1 year to 5 years.**

Report in this item all securities held by the consolidated bank holding company with a remaining maturity or amount of time remaining until next repricing date over one year but less than five years.

### **Line Item M2(c) Over 5 years.**

Report in this item all securities held by the consolidated bank holding company with a remaining maturity or amount of time remaining until next repricing date of over five years.

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## Schedule HC-B

### **Line Item M3 Amortized cost of held-to-maturity securities sold or transferred to available-for-sale or trading securities during the calendar year-to-date.**

If the reporting bank holding company has sold any held-to-maturity debt securities or has transferred any held-to-maturity debt securities to the available-for-sale or to trading securities during the calendar year-to-date, report the total amortized cost of these held-to-maturity debt securities as of their date of sale or transfer.

Exclude the amortized cost of any held-to-maturity debt security that has been sold near enough to (e.g., within three months of) its maturity date (or call date if exercise of the call is probable) that interest rate risk is substantially eliminated as a pricing factor. Also exclude the amortized cost of any held-to-maturity debt security that has been sold after the collection of a substantial portion (i.e., at least 85 percent) of the principal outstanding at acquisition due to prepayments on the debt security, or, if the debt security is a fixed rate security, due to scheduled payments payable in equal installments (both principal and interest) over its term.

### **Line Item M4 Structured notes.**

Report in this item all structured notes included in the held-to-maturity and available-for-sale accounts and reported in Schedule HC-B. In general, structured notes are debt securities whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options or are otherwise commonly known as “structured notes.” Include as structured notes any asset-backed securities (other than mortgage-backed securities) which possess the aforementioned characteristics.

Structured notes include, but are not limited to, the following common structures:

- (1) Floating rate debt securities whose payment of interest is based upon:
  - (a) a single index of a Constant Maturity Treasury (CMT) rate or a Cost of Funds Index (COFI), or
  - (b) changes in the Consumer Price Index (CPI). However, *exclude* from structured notes all U.S. Treasury Inflation-Protected Securities (TIPS).
- (2) Step-up Bonds. Step-up securities initially pay the investor an above-market yield for a short noncall period and then, if not called, “step up” to a higher

coupon rate (which will be below current market rates). The investor initially receives a higher yield because of having implicitly sold one or more call options. A step-up bond may continue to contain call options even after the bond has stepped up to the higher coupon rate. A multistep bond has a series of fixed and successively higher coupons over its life. At each call date, if the bond is not called, the coupon rate increases.

- (3) Index Amortizing Notes (IANs). IANs repay principal according to a predetermined amortization schedule that is linked to the level of a specific index (usually the London Interbank Offered Rate—LIBOR—or a specified prepayment rate). As market interest rates increase (or prepayment rates decrease), the maturity of an IAN extends, similar to that of a collateralized mortgage obligation. When the principal payments on these notes are indexed to the prepayment performance of a reference pool of mortgages or a reference mortgage-backed security, but the notes themselves are not collateralized by the mortgages or the mortgage-backed security, the notes are sometimes marketed as Prepayment-Linked Notes.
- (4) Dual Index Notes. These bonds have coupon rates that are determined by the difference between two market indices, typically the Constant Maturity Treasury rate (CMT) and LIBOR. These bonds often have a fixed coupon rate for a brief period, followed by a longer period of variable rates, e.g., 8 percent fixed for two years, then 10-year CMT plus 300 basis points minus three-month LIBOR.
- (5) De-leveraged Bonds. These bonds pay investors according to a formula that is based upon a fraction of the increase or decrease in a specified index, such as the CMT rate or the prime rate. For example, the coupon might be the 10-year CMT rate multiplied by 0.5, plus 150 basis points. The deleveraging multiplier (0.5) causes the coupon to lag overall movements in market yields. A leveraged bond would involve a multiplier greater than 1.
- (6) Range Bonds. Range bonds (or accrual bonds) pay the investor an above-market coupon rate as long as the reference rate is between levels established at issue. For each day that the reference rate is outside this range, the bonds earn no interest. For example, if LIBOR is the reference rate, a bond might pay LIBOR plus 75 basis points for each day that LIBOR

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## Schedule HC-B

is between 3.5 and 5.0 percent. When LIBOR is less than 3.5 percent or more than 5 percent, the bond would accrue no interest.

- (7) Inverse Floaters. These bonds have coupons that increase as rates decline and decrease as rates rise. The coupon is based upon a formula, such as 12 percent minus three-month LIBOR.

Exclude from structured notes floating rate debt securities denominated in U.S. dollars whose payment of interest is based upon a single index of a Treasury bill rate, the prime rate, or LIBOR and which do not contain adjusting caps, adjusting floors, leverage, or variable principal redemption. Furthermore, debt securities that do not possess the aforementioned characteristics of a structured note need not be reported as structured notes solely because they are callable as of a specified date at a specified price. In addition, debt securities that in the past possessed the characteristics of a structured note, but which have “fallen through” their structures (e.g., all of the issuer’s call options have expired and there are no more adjustments to the interest rate on the security), need not be reported as structured notes.

Generally, municipal and corporate securities that have periodic call options should not be reported as structured notes. Although many of these securities have features similar to those found in some structured notes (e.g., step-ups, which generally remain callable after a step-up date), they are not commonly known as structured notes. Examples of such callable securities that should not be reported as structured notes include:

- (1) Callable municipal and corporate bonds which have single (or multiple) explicit call dates and then can be called on any interest payment date after the last explicit call date (i.e., they are continuously callable).
- (2) Callable federal agency securities that have continuous call features after an explicit call date, except step-up bonds (which are structured notes).

The mere existence of simple caps and floors does not necessarily make a security a structured note. Securities with adjusting caps or floors (i.e., caps or floors that change over time), however, are structured notes. Therefore, the following types of securities should not be reported as structured notes:

- (1) Variable rate securities, including Small Business Administration “Guaranteed Loan Pool Certificates,”

unless they have features of securities which are commonly known as structured notes (i.e., they are inverse, range, or de-leveraged floaters, index amortizing notes, dual index or variable principal redemption or step-up bonds), or have adjusting caps or floors.

- (2) Mortgage-backed securities.

### **Line Item M4(a) Amortized cost of structured notes.**

Report the amortized cost of all structured notes included in the held-to-maturity and available-for-sale accounts. The amortized cost of these securities should also be reported in columns A and C of the body of Schedule HC-B.

### **Line Item M4(b) Fair value of structured notes.**

Report the fair (market) value of structured notes reported in memorandum item 4(a) above. The fair value of these securities should also be reported in columns B and D of the body of Schedule HC-B. Do not combine or otherwise net the fair value of any structured note with the fair or book value of any related asset, liability, or off-balance-sheet derivative instrument.

### **Line Item M5 Asset-backed securities.**

*Memorandum items 5(a) through 5(f) are to be completed by bank holding companies with foreign offices or with \$1 billion or more in total assets.<sup>2</sup>*

Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all asset-backed securities (other than mortgage-backed securities), including asset-backed commercial paper, not held for trading. For each column, the sum of Memorandum items 5(a) through 5(f) must equal Schedule HC-B, item 5.

For purposes of categorizing asset-backed securities in Schedule HC-B, Memorandum items 5(a) through 5(f), below, each individual asset-backed security should be included in the item that most closely describes the predominant type of asset that collateralizes the security

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2. This asset size test is determined based on the total assets reported in the previous year’s June 30 FR Y-9C report. Once a bank holding company surpasses the \$1 billion total asset threshold, it must continue to report these memorandum items regardless of subsequent changes in its total assets.

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## Schedule HC-B

and this categorization should be used consistently over time. For example, an asset-backed security may be collateralized by automobile loans to both individuals and business enterprises. If the prospectus for this asset-backed security or other available information indicates that these automobile loans are predominantly loans to individuals, the security should be reported in Schedule HC-B, Memorandum item 5(c), as being collateralized by automobile loans.

### **Line Item M5(a) Credit card receivables.**

Report in the appropriate columns the amortized cost and fair value of all asset-backed securities collateralized by credit card receivables, i.e., extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards as defined for Schedule HC-C, item 6(a).

### **Line Item M5(b) Home equity lines.**

Report in the appropriate columns the amortized cost and fair value of all asset-backed securities collateralized by home equity lines of credit, i.e., revolving, open-end lines of credit secured by 1-to-4 family residential properties as defined for Schedule HC-C, item 1(c)(1).

### **Line Item M5(c) Automobile loans.**

Report in the appropriate columns the amortized cost and fair value of all asset-backed securities collateralized by automobile loans, i.e., loans to individuals for the purpose of purchasing private passenger vehicles, including minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use. Such loans are a subset of "Other consumer loans," as defined for Schedule HC-C, item 6(c).

### **Line Item M5(d) Other consumer loans.**

Report in the appropriate columns the amortized cost and fair value of all asset-backed securities collateralized by other consumer loans, i.e., loans to individuals for household, family, and other personal expenditures as defined for Schedule HC-C, items 6(b) and 6(c), excluding automobile loans as described in Schedule HC-B, Memorandum item 5(c), above.

### **Line Item M5(e) Commercial and industrial loans.**

Report in the appropriate columns the amortized cost and fair value of all asset-backed securities collateralized by

commercial and industrial loans, i.e., loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than by real estate) or unsecured, single-payment or installment, as defined for Schedule HC-C, item 4.

### **Line Item M5(f) Other.**

Report in the appropriate columns the amortized cost and fair value of all asset-backed securities collateralized by non-mortgage loans other than those described in Schedule HC-B, Memorandum items 5(a) through 5(e), above, i.e., loans as defined for Schedule HC-C, items 2, 3, and 7 through 9; lease financing receivables as defined for Schedule RC-C, item 10; and all other assets.

### **Line Item M6 Structured financial products by underlying collateral or reference assets.**

Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all structured financial products (as defined in Schedule HC-B, item 5(b), above) not held for trading by the predominant type of collateral or reference assets supporting the product. For each column, the sum of Memorandum items 6(a) through 6(g) must equal the sum of Schedule HC-B, items 5(b)(1) through 5(b)(3).

### **Line Item M6(a) Trust preferred securities issued by financial institutions.**

Report in the appropriate columns the amortized cost and fair value of structured financial products supported predominantly by trust preferred securities issued by financial institutions.

### **Line Item M6(b) Trust preferred securities issued by real estate investment trusts.**

Report in the appropriate columns the amortized cost and fair value of structured financial products supported predominantly by trust preferred securities issued by real estate investment trusts.

### **Line Item M6(c) Corporate and similar loans.**

Report in the appropriate columns the amortized cost and fair value of structured financial products supported predominantly by corporate and similar loans.

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## Schedule HC-B

*Exclude* securities backed by loans that are commonly regarded as asset-backed securities rather than collateralized loan obligations in the marketplace (report in Schedule HC-B, item 5(a)).

**Line Item M6(d) 1-4 family residential MBS issued or guaranteed by U.S. government-sponsored enterprises (GSEs).**

Report in the appropriate columns the amortized cost and fair value of structured financial products supported predominantly by 1-4 family residential mortgage-backed securities issued or guaranteed by U.S. government-sponsored enterprises.

**Line Item M6(e) 1-4 family residential MBS not issued or guaranteed by GSEs.**

Report in the appropriate columns the amortized cost and fair value of structured financial products supported

predominantly by 1-4 family residential mortgage-backed securities not issued or guaranteed by U.S. government-sponsored enterprises.

**Line Item M6(f) Diversified (mixed) pools of structured financial products.**

Report in the appropriate columns the amortized cost and fair value of structured financial products supported predominantly by diversified (mixed) pools of structured financial products. Include such products as CDOs squared and cubed (also known as “pools of pools”).

**Line Item M6(g) Other collateral or reference assets.**

Report in the appropriate columns the amortized cost and fair value of structured financial products supported predominantly by other types of collateral or reference assets not identified above.

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## LINE ITEM INSTRUCTIONS FOR

# Loan and Lease Financing Receivables Schedule HC-C

### General Instructions

Loans and lease financing receivables are extensions of credit resulting from either direct negotiation between the bank holding company or its consolidated subsidiaries and its customers or the purchase of such assets from others. (See the Glossary entries for “loan” and for “lease accounting” for further information.)

All reporting bank holding companies must complete this schedule regardless of whether or not it has foreign or domestic offices. This schedule has two columns for information on loans and lease financing receivables. Column A provides loan and lease detail for the fully consolidated bank holding company and column B provides detail on loans and leases held by the domestic offices of the reporting bank holding company. (See the Glossary entry for “domestic office” for the definition of this term.)

Report all loans and leases that the bank holding company has the intent and ability to hold for the foreseeable future or until maturity or payoff, i.e., loans and leases held for investment, in Schedule HC-C. Also report in Schedule HC-C all loans and leases held for sale as part of the consolidated bank holding company’s mortgage banking activities or activities of a similar nature involving other types of loans. Include the fair value of all loans held for investment and all loans held for sale that the bank holding company has elected to report at fair value under a fair value option. Loans reported at fair value in Schedule HC-C should include only the fair value of the funded portion of the loan. If the unfunded portion of the loan, if any, is reported at fair value, this fair value should be reported as an “Other asset” or an “Other liability,” as appropriate, in Schedule HC, item 11 or item 20, respectively.

Exclude from Schedule HC-C all loans and leases classified as trading (report in Schedule HC, item 5, “Trading assets,” and, in the appropriate items of Schedule HC-D,

Trading Assets and Liabilities, and Schedule HC-Q, Financial Assets and Liabilities Measured at Fair Value, if applicable).

When a loan is acquired (through origination or purchase) with the intent or expectation that it may or will be sold at some indefinite date in the future, the loan should be reported as held for sale or held for investment, based on facts and circumstances, in accordance with generally accepted accounting principles and related supervisory guidance. In addition, a loan acquired and held for securitization purposes should be reported as a loan held for sale, provided the securitization transaction will 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*). Notwithstanding the above, bank holding companies may classify loans as trading if the bank 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 bank holding company would generally not classify a loan that meets these criteria as a trading asset unless the bank holding company holds the loan 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.

Loans held for sale (not classified as trading in accordance with the preceding instruction) shall be reported in Schedule HC-C at the lower of cost or fair value as of the report date, except for those that the bank holding company has elected to account for at fair value under a fair value option. For loans held for sale that are reported at the lower of cost or fair value, the amount by which cost exceeds fair

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value, if any, shall be accounted for as a valuation allowance. For further information, see ASC Subtopic 948-310, Financial Services-Mortgage Banking – Receivables (formerly FASB Statement No. 65, *Accounting for Certain Mortgage Banking Activities*), as amended), ASC Subtopic 310-10, Receivables – Overall (formerly AICPA Statement of Position 01-6, *Accounting by Certain Entities (Including Entities With Trade Receivables) That Lend to or Finance the Activities of Others*), and the March 26, 2001, Interagency Guidance on Certain Loans Held for Sale.

Report loans and leases held for investment in this schedule without any deduction for loss allowances for loans and leases or allocated transfer risk reserves related to loans and leases, which are to be reported in Schedule HC, item 4(c), “Allowance for loan and lease losses.” Each item in this schedule should be reported net of (1) unearned income (to the extent possible) and (2) deposits accumulated for the payment of personal loans (hypothecated deposits). Net unamortized loan fees represent an adjustment of the loan yield, and shall be reported in this schedule in the same manner as unearned income on loans, i.e., deducted from the related loan balances (to the extent possible) or deducted from total loans in Schedule HC-C, item 11, “LESS: Any unearned income on loans reflected in items 1–9 above.” Net unamortized direct loan origination costs shall be added to the related loan balances in each item in this schedule. (See the Glossary entry for “loan fees” for further information.)

“Purchased impaired loans” are loans accounted for in accordance with ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*), that a bank holding company has purchased, including those acquired in a purchase business combination, where there is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the bank holding company will be unable to collect all contractually required payments receivable. Neither the accretible yield nor the nonaccretible difference associated with purchased impaired loans should be reported as unearned income in Schedule HC-C, item 11. In addition, the nonaccretible difference, must not be recognized as an adjustment of yield, loss accrual, or valuation allowance.

If, as a result of a change in circumstances, the bank holding company regains control of a loan previously accounted for appropriately as having been sold because one or more of the conditions for sale accounting in ASC Topic 860 are no longer met, such a change should be accounted for in the same manner as a purchase of the loan from the former transferee (purchaser) in exchange for liabilities assumed. The rebooked loan must be reported as a loan asset in Schedule HC-C either as a loan held for sale or a loan held for investment, based on facts and circumstances, in accordance with generally accepted accounting principles. This accounting and reporting treatment applies, for example, to U.S. Government-guaranteed or insured residential mortgage loans backing Government National Mortgage Association (GNMA) mortgage-backed securities that a bank holding company services after it has securitized the loans in a transfer accounted for as a sale. If and when individual loans later meet delinquency criteria specified by GNMA, the loans are eligible for repurchase, the bank holding company is deemed to have regained effective control over these loans, and the delinquent loans must be brought back onto the bank holding company’s books as loan assets.

Exclude all intracompany (i.e., between subsidiaries of the consolidated bank holding company) transactions and all loans and leases held for trading purposes.

All loans are classified according to security, borrower, or purpose. Loans covering two or more classifications are sometimes difficult to classify. In such instances, classify the entire loan according to the major criterion.

Report in this schedule all loans that the reporting bank holding company or its consolidated subsidiaries have sold under repurchase agreements. Also report all loans and leases on the books of the reporting bank holding company even if on the report date they are past due and collection is doubtful. Exclude any loans or leases the bank holding company has sold or charged off. Also exclude the fair value of any assets received in full or partial satisfaction of a loan or lease (unless the asset received is itself reportable as a loan or lease) and any loans for which the bank holding company has obtained physical possession of the underlying collateral regardless of whether formal foreclosure or repossession proceedings have been instituted against the borrower. Refer to the Glossary entries for “troubled debt restructurings” and “foreclosed assets” for further discussions of these topics.

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When a bank holding company acquires either (1) a portion of an entire loan that does not meet the definition of a participating interest (i.e., a nonqualifying loan participation) or (2) a qualifying participating interest in a transfer that does not meet all of the conditions for sale accounting, it should normally report the loan participation or participating interest in Schedule HC, item 4(b), “Loans and leases, net of unearned income.” The bank holding company also should report the loan participation or participating interest in Schedule HC-C, in the loan category appropriate to the underlying loan, e.g., as a “commercial and industrial loan” in item 4 or as a “loan secured by real estate” in item 1. See the Glossary entry for “transfers of financial assets” for further information.

Exclude, for purposes of this schedule, the following:

- (1) Federal funds sold (in domestic offices), i.e., all loans of immediately available funds (in domestic offices) that mature in one business day or roll over under a continuing contract, excluding funds lent in the form of securities purchased under agreements to resell. Report federal funds sold (in domestic offices) in Schedule HC, item 3(a). However, report overnight lending for commercial and industrial purposes as loans in this schedule. Also report lending transactions in foreign offices involving immediately available funds with an original maturity of one business day or under a continuing contract that are not securities resale agreements as loans in this schedule.
- (2) Lending transactions in the form of securities purchased under agreements to resell (report in Schedule HC, item 3(b), “Securities purchased under agreements to resell”).
- (3) Contracts of sale or other loans indirectly representing other real estate (report in Schedule HC, item 7, “Other real estate owned”).
- (4) Undisbursed loan funds, sometimes referred to as incomplete loans or loans in process, unless the borrower is liable for and pays the interest thereon. If interest is being paid by the borrower on the undisbursed proceeds, the amounts of such undisbursed funds should be included in both loans and deposits. (Do not include loan commitments that have not yet been taken down, even if fees have been paid; see Schedule HC-L, item 1).
- (5) All holdings of commercial paper (report in Schedule HC, item 5, if held for trading; report in Schedule HC-B, item 4(b), “Other mortgage-backed securities,” item 5, “Asset-backed securities,” or item 6, “Other debt securities,” as appropriate, if held for purposes other than trading).

### **Line Item 1 Loans secured by real estate.**

Report all loans that meet the definition of a “loan secured by real estate.” See the Glossary entry for “loan secured by real estate” for the definition of this term.

**For bank holding companies with domestic offices only:** Report loans secured by real estate as a single total in column A for the consolidated bank holding company. Report in column B within the appropriate subitem below loans for construction, land development, and other land loans when they are secured by real estate, loans secured by farmland, by 1–4 family residential properties, by multifamily properties, and by nonfarm nonresidential properties. The total of the subitems in column B should equal the consolidated total reported in column A.

**For bank holding companies with domestic and foreign offices:** Report loans secured by real estate as a single total in column A for the consolidated bank holding company and by type of real estate collateral in the appropriate subitem below in column B.

Include all loans (other than those to states and political subdivisions in the U.S.), regardless of purpose and regardless of whether originated by the bank holding company or purchased from others, that are secured by real estate at origination as evidenced by mortgages, deeds of trust, land contracts, or other instruments, whether first or junior liens (e.g., equity loans, second mortgages) on real estate.

*Include* as loans secured by real estate:

- (1) Loans secured by residential properties that are guaranteed by the Farmers Home Administration (FmHA) and extended, collected, and serviced by a party other than the FmHA.
- (2) Loans secured by properties and guaranteed by governmental entities in foreign countries.
- (3) Participations in pools of Federal Housing Administration (FHA) Title I improvement loans that are secured by liens (generally, junior liens) on residential properties.

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Exclude the following from loans secured by real estate:

- (1) Obligations (other than securities) of states and political subdivisions in the U.S. secured by real estate (report in item 9 below).
- (2) All loans and sales contracts indirectly representing other real estate (report in Schedule HC, item 7, "Other real estate owned").
- (3) Loans to real estate companies, real estate investment trusts, mortgage lenders, and foreign non-governmental entities that specialize in mortgage loan originations and that service mortgages for other lending institutions when the real estate mortgages or similar liens on real estate are not sold to the bank holding company but are merely pledged as collateral (report below in item 2, "Loans to depository institutions and acceptances of other banks," or as all other loans in item 9, "Loans to nondepository financial institutions and other loans," as appropriate).
- (4) Notes issued and insured by the Farmers Home Administration and instruments (certificates of beneficial ownership and insured note insurance contracts) representing an interest in Farmers Home Administration-insured notes (report in Schedule HC-B, item 2, "U.S. government agency obligations").
- (5) Bonds issued by the Federal National Mortgage Association or by the Federal Home Loan Mortgage Corporation that are collateralized by residential mortgages (report in Schedule HC-B, item 2).
- (6) Pooled residential mortgages for which participation certificates have been issued or guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation (report in Schedule HC-B, item 4(a)). However, if the reporting bank holding company is the seller-servicer of the residential mortgages backing such securities and, as a result of a change in circumstances, it must rebook any of these mortgages because one or more of the conditions for sale accounting in ASC Topic 860, *Transfers and Servicing* (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, as amended by FASB Statment No. 166, *Accounting for Transfers of Financial Assets*), are no longer met,

the rebooked mortgages should be included in Schedule HC-C as loans secured by real estate.

### **Line Item 1(a) Construction, land development, and other land loans.**

Report in the appropriate subitem of column B loans secured by real estate made to finance (a) land development (i.e., the process of improving land - laying sewers, water pipes, etc.) preparatory to erecting new structures or (b) the on-site construction of industrial, commercial, residential, or farm buildings. For purposes of this item, "construction" includes not only construction of new structures, but also additions or alterations to existing structures and the demolition of existing structures to make way for new structures.

Also include in this item:

- (1) Loans secured by vacant land, except land known to be used or usable for agricultural purposes, such as crop and livestock production (which should be reported in Schedule HC-C, item 1.b, below, as loans secured by farmland).
- (2) Loans secured by real estate the proceeds of which are to be used to acquire and improve developed and undeveloped property.
- (3) Loans made under Title I or Title X of the National Housing Act that conform to the definition of construction stated above and that are secured by real estate.

Loans written as combination construction-permanent loans secured by real estate should be reported in this item until construction is completed or principal amortization payments begin, whichever comes first. When the first of these events occurs, the loans should begin to be reported in the real estate loan category in Schedule HC-C, item 1, appropriate to the real estate collateral. For purposes of these reports, a combination construction-permanent loan arises when the lender enters into a contractual agreement with the original borrower at the time the construction loan is originated to also provide the original borrower with permanent financing that amortizes principal after construction is completed and a certificate of occupancy is obtained (if applicable). This construction-permanent loan structure is intended to apply to situations where, at the time the construction loan is originated, the original borrower:

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- Is expected to be the owner-occupant of the property upon completion of construction and receipt of a certificate of occupancy (if applicable), for example, where the financing is being provided to the original borrower for the construction and permanent financing of the borrower's residence or place of business, or
- Is not expected to be the owner-occupant of the property, but repayment of the permanent loan will be derived from rental income associated with the property being constructed after receipt of a certificate of occupancy (if applicable) rather than from the sale of the property being constructed.

All construction loans secured by real estate, other than combination construction-permanent loans as described above, should continue to be reported in this item after construction is completed unless and until (1) the loan is refinanced into a new permanent loan by the reporting bank holding company or is otherwise repaid, (2) the bank holding company acquires or otherwise obtains physical possession of the underlying collateral in full satisfaction of the debt, or (3) the loan is charged off. For purposes of these reports, a construction loan is deemed to be refinanced into a new permanent loan only if the bank holding company originates:

- An amortizing permanent loan to a new borrower (unrelated to the original borrower) who has purchased the real property, or
- A prudently underwritten new amortizing permanent loan at market terms to the original borrower including an appropriate interest rate, maturity, and loan-to-value ratio – that is no longer dependent on the sale of the property for repayment. The loan should have a clearly identified ongoing source of repayment sufficient to service the required principal and interest payments over a reasonable and customary period relative to the type of property securing the new loan. A new loan to the original borrower not meeting these criteria (including a new loan on interest-only terms or a new loan with a short-term balloon maturity that is inconsistent with the ongoing source of repayment criterion) should continue to be reported as a “Construction, land development, and other land loan” in the appropriate sub-item of Schedule HC-C, item 1(a).

*Exclude* loans to finance construction and land development that are *not* secured by real estate (report in other items of Schedule HC-C, as appropriate).

### **Line Item 1(a)(1) 1–4 family residential construction loans.**

Report in column B the amount outstanding of 1–4 family residential construction loans, i.e., loans for the purpose of constructing 1–4 family residential properties, which will secure the loan. The term “1–4 family residential properties” is defined in Schedule HC-C, item 1(c), below. “1–4 family residential construction loans” include:

- Construction loans to developers secured by tracts of land on which 1–4 family residential properties, including townhouses, are being constructed.
- Construction loans secured by individual parcels of land on which single 1–4 family residential properties are being constructed.
- Construction loans secured by single-family dwelling units in detached or semidetached structures, including manufactured housing.
- Construction loans secured by duplex units and townhouses, excluding garden apartment projects where the total number of units that will secure the permanent mortgage is greater than four.
- Combination land and construction loans on 1–4 family residential properties, regardless of the current stage of construction or development.
- Combination construction-permanent loans on 1–4 family residential properties until construction is completed or principal amortization payments begin, whichever comes first.
- Bridge loans to developers on 1–4 family residential properties where the buyer will not assume the same loan, even if construction is completed or principal amortization payments have begun.

### **Line Item 1(a)(2) Other construction loans and all land development and other land loans.**

Report in column B the amount outstanding of all construction loans for purposes other than constructing 1–4 family residential properties, all land development loans, and all other land loans. Include loans for the development of building lots and loans secured by vacant land, unless the same loan finances the construction of 1–4 family residential properties on the property.

### **Line Item 1(b) Secured by farmland.**

Report in this item loans secured by farmland and improvements thereon, as evidenced by mortgages or

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other liens. Farmland includes all land known to be used or usable for agricultural purposes, such as crop and livestock production. Farmland includes grazing or pasture land, whether tillable or not and whether wooded or not.

Include loans secured by residential properties that are guaranteed by the Farmers Home Administration (FmHA) and extended, collected, and serviced by a party other than the FmHA.

*Exclude*, however, loans extended, serviced, collected, and insured by FmHA (report in Schedule HC-B, item 2, “U.S. government agency obligations.”) Also exclude loans for farm property construction and land development purpose (report in Schedule HC-C, item 1(a) above).

### **Line Item 1(c) Secured by 1–4 family residential properties.**

Report in this item open-end and closed-end loans secured by real estate as evidenced by mortgages (FHA, FmHA, VA, or conventional) or other liens on the following:

- (1) Nonfarm property containing 1 to 4 dwelling units (including vacation homes) or more than 4 dwelling units if each is separated from other units by dividing walls that extend from ground to roof (e.g., row houses, townhouses, or the like).
- (2) Mobile homes where (a) state laws define the purchase or holding of a mobile home as the purchase or holding of real property *and* where (b) the loan to purchase the mobile home is secured by that mobile home as evidenced by a mortgage or other instrument on real property.
- (3) Individual condominium dwelling units and loans secured by an interest in individual cooperative housing units, even if in a building with five or more dwelling units.
- (4) Housekeeping dwellings with commercial units combined where use is primarily residential and where only 1 to 4 family dwelling units are involved.

*Exclude* loans for 1-to-4 family residential property construction and land development purposes (report in Schedule HC-C, item 1(a)). Also, exclude loans secured by vacant lots in established single-family residential

sections or in areas set aside primarily for 1-to-4 family homes (report in Schedule HC-C, item 1(a)).

Reverse 1–4 family residential mortgages should be reported in the appropriate subitem based on whether they are closed-end or open-end mortgages. A reverse mortgage is an arrangement in which a homeowner borrows against the equity in his/her home and receives cash either in a lump sum or through periodic payments. However, unlike a traditional mortgage loan, no payment is required until the borrower no longer uses the home as his or her principal residence. Cash payments to the borrower after closing, if any, and accrued interest are added to the principal balance. These loans may have caps on their maximum principal balance or they may have clauses that permit the cap on the maximum principal balance to be increased under certain circumstances. Homeowners generally have one of the following options for receiving tax free loan proceeds from a reverse mortgage: (1) one lump sum payment; (2) a line of credit; (3) fixed monthly payments to homeowner either for a specified term or for as long as the homeowner lives in the home; or (4) a combination of the above. Reverse mortgages that provide for a lump sum payment to the borrower at closing, with no ability for the borrower to receive additional funds under the mortgage at a later date, should be reported as closed-end loans in Schedule HC-C, item 1(c)(2). Normally, closed-end reverse mortgages are first liens and would be reported in Schedule HC-C, item 1(c)(2)(a). Reverse mortgages that are structured like home equity lines of credit in that they provide the borrower with additional funds after closing (either as fixed monthly payments, under a line of credit, or both) should be reported as open-end loans in Schedule HC-C, item 1(c)(1). Open-end reverse mortgages also are normally first liens. Where there is a combination of both a lump sum payment to the borrower at closing and 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.

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# Schedule HC-C

## **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.

### **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 bank 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 case, the loan should be reported in Schedule HC-C, item 1(e)(2), below).

## **Line Item 1(e)(2) Loans secured by other nonfarm nonresidential properties.**

Report in column B the amount of nonfarm nonresidential real estate loans that are not secured by owner-occupied nonfarm nonresidential properties.

“Loans secured by other nonfarm nonresidential properties” are those nonfarm nonresidential property loans where the primary source of repayment is derived from

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rental income associated with the property (i.e., loans for which 50 percent or more of the source of repayment comes from third party, nonaffiliated, rental income) or the proceeds of the sale, refinancing, or permanent financing of the property. Include loans secured by hotels, motels, dormitories, nursing homes, assisted-living facilities, mini-storage warehouse facilities, and similar properties in this item as loans secured by other nonfarm nonresidential properties.

### **Line Item 2 Loans to depository institutions and acceptances of other banks.**

**For bank holding companies with only domestic offices:** Report in column A in the appropriate subitem loans to U.S. addressees and loans to non-U.S. addressees. Report the total in column B.

**For bank holding companies with domestic and foreign offices:** Report in column B the total of loans to depository institutions in the domestic offices of the reporting consolidated bank holding companies. Report in column A, on a fully consolidated basis, the breakdown between loans to U.S. addressees and loans to non-U.S. addressees.

Report all loans (other than those that meet the definition of a “loan secured by real estate”), including overdrafts to banks, other depository institutions, and other associations, companies, and financial intermediaries whose primary business is to accept deposits and to extend credit for business or for personal expenditure purposes and holdings at all bankers’ acceptances accepted by other banks and not held for trading.

Depository institutions cover:

- (1) Commercial banks in the U.S., including:
  - (a) U.S. branches and agencies of foreign banks, U.S. branches and agencies of foreign official banking institutions, and investment companies that are chartered under Article XII of the New York State banking law and are majority-owned by one more foreign banks; and
  - (b) all other commercial banks in the U.S., i.e., U.S. branches of U.S. banks;
- (2) Depository institutions in the U.S., other than commercial banks, including:
  - (a) credit unions;

- (b) mutual or stock savings banks;
  - (c) savings or building and loan associations;
  - (d) cooperative banks; and
  - (e) other similar depository institutions; and
- (3) Banks in foreign countries, including:
  - (a) foreign-domiciled branches of other U.S. banks; and
  - (b) foreign-domiciled branches of foreign banks.  
See the Glossary entry for “banks, U.S. and foreign” and “depository institutions in the U.S.” for further discussion of these terms.

Include the following as loans to depository institutions and acceptances of other banks:

- (1) Loans to depository institutions for the purpose of purchasing or carrying securities.
- (2) Loans to depository institutions for which the collateral is a mortgage instrument and not the underlying real property. Report loans to depository institutions where the collateral is the real estate itself, as evidenced by mortgages or similar liens, in item 1.
- (3) Purchases of mortgages and other loans under agreements to resell that do not involve the lending of immediately available funds or that mature in more than one business day, if acquired from depository institutions.
- (4) The acceptances of the consolidated subsidiary banks of the reporting bank holding company discounted and held in their portfolios when the account party is another depository institution.
- (5) Any borrowing or lending of immediately available funds that matures in more than one business day, other than security repurchase and resale agreements. Such transactions are sometimes referred to as “term federal funds.”

Exclude the following from loans to depository institutions:

- (1) All transactions reported in Schedule HC, item 3, “Federal funds sold and securities purchased under agreements to resell.”
- (2) Loans secured by real estate, even if extended to depository institutions (report in item 1).

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- (3) Loans to holding companies of depository institutions not owned or controlled by the reporting bank holding company (report in Schedule HC-C, item 9(a)).
- (4) Loans to real estate investment trusts and to mortgage companies that specialize in mortgage loan originations and warehousing or in mortgage loan servicing (report in Schedule HC-C, item 9(a)).
- (5) Loans to finance companies and insurance companies (report in Schedule HC-C, item 9(a)).
- (6) Loans to brokers and dealers in securities, investment companies, and mutual funds (report in Schedule HC-C, item 9(b)(1)).
- (7) Loans to Small Business Investment Companies (report in Schedule HC-C, item 9(a)).
- (8) Loans to lenders other than brokers, dealers, and banks whose principal business is to extend credit for the purpose of purchasing or carrying securities (as described in Federal Reserve Regulation U) and loans to “plan lenders” (as defined in Federal Reserve Regulation G) (report in Schedule HC-C, item 9(b)(1)).
- (9) Loans to federally sponsored lending agencies (report in Schedule HC-C, item 9(a)). (Refer to the Glossary entry for “federally sponsored lending agency” for the definition of this term.)
- (10) Dollar exchange acceptances created by foreign governments and official institutions (report in Schedule HC-C, item 7).
- (11) Loans to foreign governments and official institutions, including foreign central banks (report in Schedule HC-C, item 7). See the Glossary entry for “foreign governments and official institutions” for the definition of this term.
- (12) Acceptances accepted by the reporting bank holding company, discounted, and held in its portfolio, when the account party is not another depository institution. Report such acceptances in other items of Schedule HC-C, according to the account party.

### **Line Item 2(a) To U.S. banks and other U.S. depository institutions.**

Report in this item for the fully consolidated bank holding company all loans and acceptances and all other

instruments evidencing loans (except those secured by real estate) to depository institutions chartered and headquartered in the U.S. (including U.S.-chartered banks owned by foreigners), but excluding U.S. branches and agencies of foreign banks. Include in this item loans to both the U.S. and foreign branches of U.S. banks. U.S. depository institutions cover the following:

- (1) U.S. commercial banks and their branches, wherever located; and
- (2) other depository institutions in the U.S., i.e.,
  - (a) credit unions;
  - (b) mutual or stock savings banks;
  - (c) savings or building and loan associations;
  - (d) cooperative banks; and
  - (e) other similar depository institutions.

### **Line Item 2(b) To foreign banks.**

Report in this item all loans and acceptances and other instruments evidencing loans to both the U.S. and foreign branches of banks chartered and headquartered in a foreign country. Foreign banks cover the following:

- (1) U.S. branches and agencies of foreign banks and
- (2) foreign-domiciled branches of foreign banks.

For purposes of these reports, U.S. branches and agencies of foreign banks include U.S. branches and agencies of foreign official banking institutions and investment companies that are chartered under Article XII of the New York State banking law and that are majority-owned by one or more foreign banks.

(See the Glossary entry for “banks, U.S. and foreign” for further discussion of these terms.)

*Exclude* the following from this item:

- (1) dollar exchange acceptances created by foreign governments and official institutions (report in item 7); and
- (2) loans to foreign governments and official institutions, including foreign central banks (report in item 7).

(See the Glossary entry for “foreign governments and official institutions” for the definition of this term.)

Also report in this item the bank holding company’s holdings of all bankers acceptances accepted by other

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banks (both U.S. and non-U.S. banks) and not held in trading accounts. Acceptances accepted by other banks may be purchased in the open market or discounted by the reporting bank holding company or its consolidated subsidiaries. (For further information, see the Glossary entry for “bankers’ acceptances.”)

*Exclude* acceptances accepted by the consolidated subsidiary banks of the reporting bank holding company, discounted, and held in their portfolios. Such acceptances are to be reported in other items of this schedule according to the account party.

### **Line Item 3 Loans to finance agricultural production and other loans to farmers.**

Report in columns A and B, as appropriate, loans for the purpose of financing agricultural production. Include such loans whether secured (other than those that meet the definition of a “loan secured by real estate”) or unsecured and whether made to farm and ranch owners and operators (including tenants) or to nonfarmers. All other loans to farmers, other than those excluded below, should also be reported in this item.

Include the following as loans to finance agricultural production and other loans to farmers:

- (1) Loans and advances made for the purpose of financing agricultural production, including the growing and storing of crops, the marketing or carrying of agricultural products by the growers thereof, and the breeding, raising, fattening, or marketing of livestock.
- (2) Loans and advances made for the purpose of financing fisheries and forestries, including loans to commercial fishermen.
- (3) Agricultural notes and other notes of farmers that the bank holding company has discounted for, or purchased from, merchants and dealers, either with or without recourse to the seller.
- (4) Loans to farmers that are guaranteed by the Farmers Home Administration (FmHA) or by the Small Business Administration (SBA) and that are extended, serviced, and collected by a party other than the FmHA or SBA.
- (5) Loans and advances to farmers for purchases of farm machinery, equipment, and implements.

(6) Loans and advances to farmers for all other purposes associated with the maintenance or operations of the farm, including the following:

- (a) purchases of private passenger automobiles and other retail consumer goods; and
- (b) provisions for the living expenses of farmers or ranchers and their families.

Loans to farmers for household, family, and other personal expenditures (including credit cards and related plans) that are not readily identifiable as being made to farmers need not be broken out of item 6 for inclusion in this item.

Exclude the following from loans to finance agricultural production and other loans to farmers:

- (1) Loans secured by real estate (report in item 1).
- (2) Loans to farmers for commercial and industrial purposes, e.g., when a farmer is operating a business enterprise as well as a farm (report in item 4).
- (3) Loans to farmers for the purpose of purchasing or carrying stocks, bonds, and other securities (report in Schedule HC-C, item 9(b)(1)).
- (4) Loans to farmers secured by oil or mining production payments (report in item 4).
- (5) Notes insured by the Farmers Home Administration (FmHA) and instruments (certificates of beneficial ownership, insured note insurance contracts) representing an interest in FmHA-insured notes (report in Schedule HC-B, item 2, “U.S. government agency obligations”). Such notes and instruments are backed by loans made, serviced, and collected by the FmHA and were issued prior to January 1, 1975.

### **Line Item 4 Commercial and industrial loans.**

**For bank holding companies with domestic offices only:** Report in column A in the appropriate subitem loans to U.S. addressees and loans to non-U.S. addressees. Report the total in column B.

**For bank holding companies with domestic and foreign offices:** Report in column B the total of commercial and industrial loans for the domestic offices only of the reporting consolidated bank holding companies. Report in column A, on a fully consolidated basis, the breakdown between loans to U.S. addressees and loans to non-U.S. addressees.

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Report loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than those that meet the definition of a “loan secured by real estate”) or unsecured, single-payment, or installment. These loans may take the form of direct or purchased loans.

Include the acceptances of the consolidated banking subsidiaries of the reporting bank holding company that they hold in their portfolio when the account party is a commercial or industrial enterprise. Also include loans to individuals for commercial, industrial, and professional purposes but not for investment or personal expenditure. Exclude all commercial and industrial loans held in trading accounts.

Include loans of the types listed below. These descriptions may overlap and are not all inclusive.

- (1) Loans for commercial, industrial, and professional purposes to
    - (a) mining, oil- and gas-producing, and quarrying companies;
    - (b) manufacturing companies of all kinds, including those that process agricultural commodities;
    - (c) construction companies;
    - (d) transportation and communications companies and public utilities;
    - (e) wholesale and retail trade enterprises and other dealers in commodities;
    - (f) cooperative associations including farmers’ cooperatives;
    - (g) service enterprises such as hotels, motels, laundries, automotive service stations, and nursing homes and hospitals operated for profit;
    - (h) insurance agents; and
    - (i) practitioners of law, medicine, and public accounting.
  - (2) Loans for the purpose of financing capital expenditures and current operations.
  - (3) Loans to business enterprises guaranteed by the Small Business Administration.
  - (4) Loans to farmers for commercial and industrial purposes (when farmers operate a business enterprise as well as a farm).
  - (5) Loans supported by letters of commitment from the Agency for International Development.
  - (6) Loans made to finance construction that do not meet the definition of a “loan secured by real estate.”
  - (7) Loans to merchants or dealers on their own promissory notes secured by the pledge of their own installment paper.
  - (8) Loans extended under credit cards and related plans that are readily identifiable as being issued in the name of a commercial or industrial enterprise.
  - (9) Dealer flooring or floor-plan loans.
  - (10) Loans collateralized by production payments (e.g., oil or mining production payments). Treat as a loan to the original seller of the production payment rather than to the holder of the production payment. For example, report in this item, as a loan to an oil company, a loan made to a nonprofit organization collateralized by an oil production payment; do not include in item 9 as a loan to the nonprofit organization.
  - (11) Loans and participations in loans secured by conditional sales contracts made to finance the purchase of commercial transportation equipment.
  - (12) Commercial and industrial loans guaranteed by foreign governmental institutions.
  - (13) Overnight lending for commercial and industrial purposes.
- Exclude the following from commercial and industrial loans:
- (1) Loans that meet the definition of a “loan secured by real estate,” even if for commercial and industrial purposes (report in item 1).
  - (2) Loans to depository institutions (report in item 2).
  - (3) Loans to nondepository financial institutions such as real estate investment trusts, mortgage companies, and insurance companies (report in Schedule HC-C, item 9(a)).

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- (4) Loans for the purpose of purchasing or carrying securities (report in Schedule HC-C, item 9(b)(1)).
- (5) Loans for the purpose of financing agricultural production, whether made to farmers or to non-agricultural businesses (report in item 3).
- (6) Loans to nonprofit organizations, such as hospitals or educational institutions (report in Schedule HC-C, item 9(b)(2)), except those for which oil or mining production payments serve as collateral that are to be reported in this item.
- (7) Holdings of acceptances accepted by other banks, i.e., that are not consolidated on this report by the reporting bank holding company (report in item 2).
- (8) Holdings of acceptances of banking subsidiaries of the consolidated bank holding company when the account party is another bank (report in item 2) or a foreign government or official institution (report in item 7).
- (9) Equipment trust certificates (report in Schedule HC-B, item 7, or HC-F item 4, as appropriate).
- (10) Any commercial or industrial loans and bankers acceptances, held in the bank holding company's trading accounts (report in Schedule HC, item 5, "Trading assets").
- (11) Commercial paper (report in Schedule HC-B or Schedule HC-D, as appropriate).

### **Line Item 4(a) To U.S. addressees (domicile).**

Report in column A, as appropriate, all commercial and industrial loans to U.S. addressees. (For a detailed discussion of U.S. and non-U.S. addressees, see the Glossary entry for "domicile.")

### **Line Item 4(b) To non-U.S. addressees (domicile).**

Report in column A, as appropriate, all commercial and industrial loans to non-U.S. addressees. (For a detailed discussion of U.S. and non-U.S. addressees, see the Glossary entry for "domicile.")

### **Line Item 5 Not applicable.**

### **Line Item 6 Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper).**

For bank holding companies with foreign offices, report the amount outstanding of loans to individuals for house-

hold, family, and personal expenditures in domestic offices in column B. Report in column A, on a fully consolidated basis, the breakdown between credit cards, other revolving credit plans, and other consumer loans.

For bank holding companies with domestic offices only, report in column A in the appropriate subitem below credit cards, other revolving credit plans, and other consumer loans. Report the total in column B.

Report in the appropriate subitem all credit cards, other revolving credit plans, and other loans to individuals for household, family, and personal expenditures. Include all loans to individuals for household, family, and other personal expenditures that does not meet the definition of a "loan secured by real estate," whether direct loans or purchased paper. Exclude loans to individuals for the purpose of purchasing or carrying securities (report in Schedule HC-C, item 9(b)(1)).

Deposits accumulated by borrowers for the payment of personal loans (i.e., hypothecated deposits) should be netted against the related loans.

### **Line Item 6(a) Credit cards.**

Report all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards. Report the total amount outstanding of all funds advanced under these credit cards regardless of whether there is a period before interest charges are made. Report the total amount outstanding of all funds advanced under these credit card plans, regardless of whether there is a period before interest charges are made. Report only amounts carried on the books of the reporting bank holding company as loans that are outstanding on the report date, even if the plan is shared with other organizations and even if accounting and billing are done by a correspondent bank or the accounting center of a plan administered by others.

If the reporting bank holding company has securitized credit cards and has retained a seller's interest that is not in the form of a security, the carrying value of the seller's interest should be reported as credit card loans in this item. For purposes of these reports, the term "seller's interest" means the reporting bank holding company's ownership interest in loans that have been securitized, except an interest that is a form of recourse or other seller-provided credit enhancement. Seller's interests differ from the securities issued to investors by the

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securitization structure. The principal amount of a seller's interest is generally equal to the total principal amount of the pool of assets included in the securitization structure less the principal amount of those assets attributable to investors, i.e., in the form of securities issued to investors.

Do *not* net credit balances resulting from overpayment of account balances on credit cards. Report credit balances in Schedule HC-E, items 1(a) or 2(a), as appropriate.

*Exclude* from credit cards:

- (1) Credit extended under credit plans to business enterprises (report in Schedule HC-C, item 4, "Commercial and industrial loans").
- (2) All credit extended to individuals through credit cards that meet the definition of a "loan secured by real estate" (report in Schedule HC-C, item 1).
- (3) All credit extended to individuals for household, family, and other personal expenditures under prearranged overdraft plans (report in Schedule HC-C, item 6(b)).

If the bank holding company acts only as agent or correspondent for the other banks or nonbank corporations and carries no credit card or related plan assets on its books, enter a "zero." Bank holding companies that do not participate in any such plan should also enter a zero.

### **Line Item 6(b) Other revolving credit plans.**

Report 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. Report the total amount outstanding of all funds advanced under these revolving credit plans, regardless of whether there is a period before interest charges are made.

Do *not* net balances resulting from overpayment of account balances on revolving credit plans. Report credit balances in Schedule HC-E, items 1(a) and 2(a) as appropriate.

*Exclude* from other revolving credit plans:

- (1) All ordinary (unplanned) overdrafts on transaction accounts not associated with check credit or revolving credit operations (report in other items of Schedule HC-C as appropriate).

- (2) Credit extended to individuals for household, family, and other personal expenditures arising from credit cards (report in Schedule HC-C, item 6(a)).

### **Line Item 6(c) Automobile loans.**

Report all consumer loans extended for the purpose of purchasing new and used passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use. Include both direct and indirect consumer automobile loans as well as retail installment sales paper purchased by the bank from automobile dealers.

*Exclude* from automobile loans:

- (1) Loans that meet the definition of a "loan secured by real estate," even if extended for the purpose of purchasing an automobile.
- (2) Consumer loans for purchases of, or otherwise secured by, motorcycles, recreational vehicles, golf carts, boats, and airplanes (report in Schedule HC-C, item 6.d).
- (3) Personal cash loans secured by automobiles already paid for (report in Schedule HC-C, item 6(d)).
- (4) Vehicle flooring or floor-plan loans (report in Schedule HC-C, item 4).
- (5) Loans to finance purchases of passenger cars and other vehicles for commercial, industrial, state or local government, or other nonpersonal nonagricultural use (report in Schedule HC-C, item 4, item 8, or item 9, as appropriate).
- (6) Loans to finance vehicle fleet sales (report in Schedule HC-C, item 4).
- (7) Loans to farmers for purchases of passenger cars and other vehicles used in association with the maintenance or operations of the farm, and loans for purchases of farm equipment (report in Schedule HC-C, item 3).
- (8) Consumer automobile lease financing receivables (report in Schedule HC-C, item 10(a)).

All loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) originated or purchased before April 1, 2011, that are collateralized by automobiles, regardless of the purpose of the loan, may be classified as automobile loans for purposes of this schedule and other schedules in which information on

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automobile loans is to be reported. For consumer loans originated or purchased on or after April 1, 2011, banks should exclude from automobile loans any personal cash loans secured by automobiles already paid for and consumer loans where the purchase of an automobile is not the primary purpose of the loan (report in Schedule HC-C, item 6(d)).

### **Line Item 6(d) Other consumer loans.**

Report all other loans to individuals for household, family, and other personal expenditures (other than those that meet the definition of a “loan secured by real estate” and other than those for purchasing or carrying securities). Include loans for such purposes as:

- (1) purchases of household appliances, furniture, trailers, and boats;
- (2) repairs or improvements to the borrower’s residence (that do not meet the definition of a “loan secured by real estate”);
- (3) educational expenses, including student loans;
- (4) medical expenses;
- (5) personal taxes;
- (6) vacations;
- (7) consolidation of personal (nonbusiness) debts;
- (8) purchases of real estate or mobile homes to be used as a residence by the borrower’s family (that do not meet the definition of a “loan secured by real estate”); and
- (9) other personal expenditures.

Other consumer loans may take the form of:

- (1) Installment loans, demand loans, single payment time loans, and hire purchase contracts (for purposes other than retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use), and should be reported as loans to individuals for household, family, and other personal expenditures regardless of size or maturity and regardless of whether the loans are made by the consumer loan department or by any other department of the bank holding company.
- (2) Retail installment sales paper purchased by the bank holding company from merchants or dealers (other

than dealers of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks), finance companies, and others.

*Exclude* from other consumer loans:

- (1) All direct and purchased loans, regardless of purpose, that meet the definition of a “loan secured by real estate” as evidenced by mortgages, deeds of trust, land contracts, or other instruments, whether first or junior liens (e.g., equity loans, second mortgages), on real estate (report in Schedule HC-C, item 1).
- (2) Loans to individuals that do not meet the definition of a “loan secured by real estate” for the purpose of investing in real estate when the real estate is not to be used as a residence or vacation home by the borrower or by members of the borrower’s family (report as all other loans in Schedule HC-C, item 9(b)).
- (3) Loans to individuals for commercial, industrial, and professional purposes and for “floor plan” or other wholesale financing (report in Schedule HC-C, item 4).
- (4) Loans to individuals for the purpose of purchasing or carrying securities (report in Schedule HC-C, item 9(b)).
- (5) Loans to individuals for investment (as distinct from commercial, industrial, or professional) purposes other than those for purchasing or carrying securities (report as all other loans in Schedule HC-C, item 9(b)).
- (6) Loans to merchants, automobile dealers, and finance companies on their own promissory notes, secured by the pledge of installment paper or similar instruments (report in Schedule HC-C, item 4, or as loans to nondepository financial institutions in Schedule HC-C, item 9(a), as appropriate).
- (7) Loans to farmers, regardless of purpose, to the extent that can be readily identified as such loans (report in Schedule HC-C, item 3).
- (8) All credit extended to individuals for household, family, and other personal expenditures arising from:
  - (a) Credit cards (report in Schedule HC-C, item 6(a));

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- (b) Prearranged overdraft plans (report in Schedule HC-C, item 6(b)); and
- (c) Retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use (report in Schedule HC-C, item 6(c)).

### **Line Item 7 Loans to foreign governments and official institutions.**

Report (in columns A and B when appropriate) all loans (other than those secured by real estate), including planned and unplanned overdrafts, to governments in foreign countries, to their official institutions, and to international and regional institutions. (See the Glossary entry for “foreign governments and official institutions” for the definition of this term.)

Include bankers acceptances accepted by the subsidiary banks of the reporting bank holding company and held in their portfolio when the account party is a foreign government or official institution, including such acceptances for the purpose of financing dollar exchange. Exclude acceptances that are held in trading accounts.

Include loans to foreign governments, official institutions, and international and regional institutions (other than those that meet the definition of a “loan secured by real estate”), including planned and unplanned overdrafts.

Exclude the following from loans to foreign governments and official institutions:

- (1) Loans to nationalized banks and other banking institutions owned by foreign governments and not functioning as central banks, banks of issue, or development banks (report in item 2 above).
- (2) Loans to U.S. branches and agencies of foreign official banking institutions (report as a loan to a commercial bank in the U.S. in item 2).
- (3) Loans to foreign-government-owned nonbank corporations and enterprises (report in item 4 or 9, as appropriate).

### **Line Item 8 Not applicable.**

### **Line Item 9 Loans to nondepository financial institutions and other loans.**

Report in columns A and B, as appropriate, loans to nondepository financial institutions, loans for purchasing or carrying securities, and all other loans that cannot

properly be reported in one of the preceding items in this schedule.

Loans to nondepository financial institutions include:

- (1) Loans (other than those that meet the definition of a “loan secured by real estate”) to real estate investment trusts and to mortgage companies that specialize in mortgage loan originations and warehousing or in mortgage loan servicing. (Exclude outright purchases of mortgages or similar instruments by the bank holding company from such companies, which - unless held for trading - are to be reported in Schedule HC-C, item 1.)
- (2) Loans to other unrelated holding companies.
- (3) Loans to insurance companies.
- (4) Loans to finance companies, mortgage finance companies, factors and other financial intermediaries, short-term business credit institutions that extend credit to finance inventories or carry accounts receivable, and institutions whose functions are predominantly to finance personal expenditures (exclude loans to financial corporations whose sole function is to borrow money and relend it to its affiliated companies or a corporate joint venture in which an affiliated company is a joint venturer).
- (5) Loans to federally-sponsored lending agencies (see the Glossary entry for “federally-sponsored lending agency” for the definition of this term).
- (6) Loans to investment banks.
- (7) Loans and advances made to a bank subsidiary’s own trust department.
- (8) Loans to other domestic and foreign financial intermediaries whose functions are predominantly the extending of credit for business purposes, such as investment companies that hold stock of operating companies for management or development purposes.

- (9) Loans to Small Business Investment Companies.

Other loans include (1) loans for purchasing or carrying securities and (2) all other loans, as described below.

Loans for purchasing or carrying securities include:

- (1) All loans to brokers and dealers in securities (other than those that meet the definition of a “loan secured by real estate” and those to depository institutions).

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- (2) All loans, whether secured (other than those that meet the definition of a “loan secured by real estate”) or unsecured, to any other borrower for the purpose of purchasing or carrying securities, such as:
- (a) Loans made to provide funds to pay for the purchase of securities at settlement date.
  - (b) Loans made to provide funds to repay indebtedness incurred in purchasing securities.
  - (c) Loans that represent the renewal of loans to purchase or carry securities.
  - (d) Loans to investment companies and mutual funds, but excluding loans to Small Business Investment Companies.
  - (e) Loans to “plan lenders” as defined in Section 221.4(a) of Federal Reserve Regulation U.
  - (f) Loans to Employee Stock Ownership Plans (ESOPs).

For purposes of this report, the purpose of a loan collateralized by “stock” is determined as follows:

- (a) For loans that are collateralized in whole or in part by “margin stock,” as defined by Federal Reserve Regulation U, the purpose of the loan is determined by the latest Statement of Purpose (Form FR U-1) on file.
- (b) For loans that are collateralized by “stock” other than “margin stock,” the bank holding company may determine the purpose of the loan according to the most current information available.

*Exclude* from loans for purchasing or carrying securities:

- (1) Loans to banks in foreign countries that act as brokers and dealers in securities (report in Schedule HC-C, item 2).
- (2) Loans to depository institutions for the purpose of purchasing or carrying securities (report Schedule HC-C, item 2).
- (3) Transactions reportable in Schedule HC, item 3, “Federal funds sold and securities purchased under agreements to resell.”
- (4) Loans that meet the definition of a “loan secured by real estate” (report in Schedule HC-C, item 1).

All other loans include all loans and discounts (other than

loans to nondepository financial institutions and loans for purchasing or carrying securities) that cannot properly be reported in one of the preceding items in Schedule HC-C, such as:

- (1) Unplanned overdrafts to deposit accounts (except overdrafts of depository institutions, which are to be reported in Schedule HC-C, item 2; overdrafts of foreign governments and official institutions, which are to be reported in Schedule HC-C, item 7; and overdrafts of states and political subdivisions in the U.S., which are to be reported in Schedule HC-C, item 8).
- (2) Loans (other than those that meet the definition of a “loan secured by real estate”) to nonprofit organizations (e.g., churches, hospitals, educational and charitable institutions, clubs, and similar associations) except those collateralized by production payments where the proceeds ultimately go to a commercial or industrial organization (which are to be reported in Schedule HC-C, item 4).
- (3) Loans to individuals for investment purposes (as distinct from commercial, industrial, or professional purposes), other than those that meet the definition of a “loan secured by real estate.”

*Exclude* from all other loans extensions of credit initially made in the form of planned or “advance agreement” overdrafts other than those made to borrowers of the types whose obligations are specifically reportable in this item (report such planned overdrafts in other items of Schedule HC-C, as appropriate). For example, report advances to banks in foreign countries in the form of “advance agreement” overdrafts as loans to depository institutions in Schedule HC-C, item 2, and overdrafts under consumer check-credit plans as “Other revolving credit plans” to individuals in Schedule HC-C, item 6(b). Report both planned and unplanned overdrafts on “due

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to” deposit accounts of depository institutions in Schedule HC-C, item 2.

### **Line Item 9(a) Loans to nondepository financial institutions.**

Report in columns A and B, as appropriate, all loans to nondepository financial institutions as described above.

### **Line Item 9(b) Other loans.**

#### **Line Item 9(b)(1) Loans for purchasing or carrying securities.**

Report in columns A and B, as appropriate, all loans for purchasing or carrying securities as described above.

#### **Line Item 9(b)(2) All other loans.**

Report in columns A and B, as appropriate, all other loans as described above.

### **Line Item 10 Lease financing receivables (net of unearned income).**

Report all outstanding balances relating to direct financing and leveraged leases on property acquired by the bank holding company for leasing purposes. Report the total amount of these leases in domestic offices in column B and a breakdown of these leases for the fully consolidated bank holding company between leases to individuals for household, family, and other personal expenditures and all other leases. These balances should include the estimated residual value of leased property and *must* be net of unearned income. For further discussion of leases where the bank holding company is the lessor, refer to the Glossary entry for “lease accounting.”

Include all leases to states and political subdivisions in the U.S. in this item.

#### **Line Item 10(a) Leases to individuals for household, family, and other personal expenditures.**

Report in column A all outstanding balances relating to direct financing and leveraged leases on property acquired by the fully consolidated bank holding company for leasing to individuals for household, family, and other personal expenditures (i.e., consumer leases). For further information on extending credit to individuals for consumer purposes, refer to the instructions for Schedule HC-C, item 6(c), “Other consumer loans.”

#### **Line Item 10(b) All other leases.**

Report in column A all outstanding balances relating to all other direct financing and leveraged leases on property acquired by the fully consolidated bank holding company for leasing to lessees other than for household, family, and other personal expenditure purposes.

### **Line Item 11 LESS: Any unearned income on loans reflected in items 1–9 above.**

To the extent possible, report the specific loan categories net of unearned income. A reporting bank holding company should enter in columns A and B of this item, as appropriate, unearned income only to the extent that it is included in (i.e., not deducted from) the various loan items (items 1 through 9) of this schedule. If a consolidated bank holding company reports each loan item net of unearned income, enter a zero. **Report the amount as an absolute value; do not enclose the amount in parentheses or use a minus (–) sign.**

Do not include unearned income on lease financing receivables in this item (deduct from item 10).

### **Line Item 12 Total loans and leases, net of unearned income.**

Report in columns A and B, as appropriate, the sum of items 1 through 10 less the amount reported in item 11. The total of column A must equal Schedule HC, sum of items 4(a) and 4(b).

## **Memoranda**

### **Line Item M1 Loans restructured in troubled debt restructurings that are in compliance with their modified terms.**

Report in the appropriate subitem loans that have been restructured in troubled debt restructurings and are in compliance with their modified terms. As set forth in ASC Subtopic 310-40, Receivables – Troubled Debt Restructurings by Creditors (formerly FASB Statement No. 15, *Accounting by Debtors and Creditors for Troubled Debt Restructurings*,” as amended by FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan*), a troubled debt restructuring is a restructuring of a loan in which a bank holding company, for economic or legal reasons related to a borrower’s financial difficulties, grants a concession to the borrower that it would not otherwise consider. For purposes of this Memorandum

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item, the concession consists of a modification of terms, such as a reduction of the loan's stated interest rate, principal, or accrued interest or an extension of the loan's maturity date at a stated interest rate lower than the current market rate for new debt with similar risk, regardless of whether the loan is secured or unsecured and regardless of whether the loan is guaranteed by the government or by others.

Once an obligation has been restructured in a troubled debt restructuring, it continues to be considered a troubled debt restructuring until paid in full or otherwise settled, sold, or charged off. However, if a restructured obligation is in compliance with its modified terms and the restructuring agreement specifies an interest rate that at the time of the restructuring is greater than or equal to the rate that the bank holding company was willing to accept for a new extension of credit with comparable risk, the loan need not continue to be reported as a troubled debt restructuring in this Memorandum item in calendar years after the year in which the restructuring took place. A loan extended or renewed at a stated interest rate equal to the current interest rate for new debt with similar risk is not considered a troubled debt restructuring. Also, a loan to a third party purchaser of "other real estate owned" by the reporting bank holding company for the purpose of facilitating the disposal of such real estate is not considered a troubled debt restructuring. For further information, see the Glossary entry for "troubled debt restructurings."

Include in the appropriate subitem all loans restructured in troubled debt restructurings as defined above that are in compliance with their modified terms, that is, restructured loans (1) on which *all* contractual payments of principal or interest scheduled that are due under the modified repayment terms have been paid or (2) on which contractual payments of both principal *and* interest scheduled under the modified repayment terms are less than 30 days past due.

*Exclude* from this item (1) those loans restructured in troubled debt restructurings on which under their modified repayment terms either principal *or* interest is 30 days or more past due and (2) those loans restructured in troubled debt restructurings that are in nonaccrual status under their modified repayment terms. Report such loans restructured in troubled debt restructurings in the category and column appropriate to the loan in Schedule HC-N, items 1 through 8, column A, B, or C, and in

Schedule HC-N, Memoranda items 1(a) through 1(f), column A, B, or C.

Loan amounts should be reported net of unearned income to the extent that they are reported net of unearned income in Schedule HC-C.

### **Line Item M1(a) Construction, land development, and other land loans (in domestic offices):**

#### **Line Item M1(a)(1) 1-4 family construction loans.**

Report all loans secured by real estate for the purpose of constructing 1-4 family residential properties (as defined for Schedule HC-C, item 1(a)(1), column B) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item 1-4 family construction 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, item 1(a)(1) and Memorandum item 1(a)(1)).

#### **Line Item M1(a)(2) Other construction loans and all land development and other land loans.**

Report all construction loans for purposes other than constructing 1-4 family residential properties, all land development loans, and all other land loans (as defined for Schedule HC-C, item 1(a)(2), column B) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item other construction loans and all land development and other land 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, item 1(a)(2) and Memorandum item 1(a)(2)).

#### **Line Item M1(b) Loans secured by 1-4 family residential properties (in domestic offices).**

Report all loans secured by 1-4 family residential properties (in domestic offices) (as defined for Schedule HC-C, item 1(c), column B) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item loans secured by 1-4 family residential properties 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 1(c) and Memorandum item 1(b)). Also exclude from this

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## Schedule HC-C

item all 1-4 family construction loans that have been restructured in troubled debt restructurings and are in compliance with their modified terms (report in Schedule HC-C, Memorandum item 1(a)(1), above).

### **Line Item M1(c) Loans secured by multifamily (5 or more) residential properties (in domestic offices).**

Report all loans secured by multifamily (5 or more) residential properties (in domestic offices) (as defined for Schedule HC-C, item 1(d), column B) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item loans secured by multifamily residential properties 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 1(d) and Memorandum item 1(c)).

### **Line Item M1(d) Secured by nonfarm nonresidential properties (in domestic offices):**

#### **Line Item M1(d)(1) Loans secured by owner-occupied nonfarm nonresidential properties.**

Report all loans secured by owner-occupied nonfarm nonresidential properties (as defined for Schedule HC-C, item 1(e)(1), column B) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item loans secured by owner-occupied nonfarm nonresidential properties 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 1(e)(1) and Memorandum item 1(d)(1)).

#### **Line Item M1(d)(2) Loans secured by other nonfarm nonresidential properties.**

Report all loans secured by other nonfarm nonresidential properties (as defined for Schedule HC-C, item 1(e)(2), column B) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item loans secured by other nonfarm nonresidential properties 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 1(e)(2) and Memorandum item 1(d)(2)).

### **Line Item M1(e) Commercial and industrial loans.**

Report all commercial and industrial loans (as defined for Schedule HC-C, item 4) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Report a breakdown of these restructured loans between those to U.S. and non-U.S. addressees for the fully consolidated bank in Memorandum items 1(e)(1) and (2). Exclude commercial and industrial 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, item 4 and Memorandum item 1(e)).

#### **Line Item M1(e)(1) To U.S. addressees (domicile).**

Report all commercial and industrial loans to U.S. addressees (as defined for Schedule HC-C, item 4(a)) 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 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).

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## Schedule HC-C

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), 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 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; 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(b)(2) 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(b)(2), "All 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.

Exclude from this item all loans secured by real estate that are reported in Schedule HC-C, item 1, above. Also exclude loans to commercial and industrial firms where the sole purpose for the loan is to construct a factory or office building to house the company's operations or employees.

### **Line Item M3 Loans secured by real estate to non-U.S. addressees (domicile) (included in Schedule HC-C, item 1, column A)**

Report the amount of loans secured by real estate to non-U.S. addressees included in Schedule HC-C, item 1. For a detailed discussion of U.S. and non-U.S. addressees, see the Glossary entry for "domicile."

### **Line Item M4 Outstanding credit card fees and finance charges.**

*This item is to be completed by (1) bank holding companies that, together with affiliated institutions, have outstanding credit card receivables that exceed \$500 million as of the report date or (2) bank holding companies that on a consolidated basis are credit card specialty holding companies.*

*Outstanding credit card receivables are the sum of:*

- (a) *Schedule HC-C, item 6(a), column A;*

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# Schedule HC-C

(b) Schedule HC-S, item 1, column C; and

(c) Schedule HC-S, item 6(a), column C.

*Credit card specialty bank holding companies are defined as those bank holding companies that on a consolidated basis exceed 50 percent for the following two criteria:*

(a) *the sum of credit card loans (Schedule HC-C, item 6(a), column A) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C) divided by the sum of total loans (Schedule HC-C, item 12, column A) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C); and*

(b) *the sum of total loans (Schedule HC-C, item 12, column A) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C) divided by the sum of total assets (Schedule HC, item 12) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C).*

Report the amount of fees and finance charges included in the amount of credit card receivables reported in Schedule HC-C, item 6(a), column A.

## **Line Item M5 Purchased impaired loans held for investment accounted for in accordance with ASC Subtopic 310-30.**

*Memoranda items 5(a) and 5(b) are to be completed by all bank holding companies.*

Report in the appropriate subitem the outstanding balance and carrying amount of “purchased impaired loans” reported as held for investment in Schedule HC-C, items 1 through 9, and accounted for in accordance with ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*). Purchased impaired loans are loans that a bank holding company has purchased, including those acquired in a purchase business combination, where there is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the bank holding company will be unable to collect all contractually required payments receivable. Loans held for investment are those that the bank holding company has the intent and ability to hold for the foreseeable future or until maturity or payoff.

## **Line Item M5(a) Outstanding balance.**

Report the outstanding balance of all purchased impaired loans reported as held for investment in Schedule HC-C, items 1 through 9. The outstanding balance is the undiscounted sum of all amounts, including amounts deemed principal, interest, fees, penalties, and other under the loan, owed to the bank holding company at the report date, whether or not currently due and whether or not any such amounts have been charged off. However, the outstanding balance does not include amounts that would be accrued under the contract as interest, fees, penalties, and other after the report date.

## **Line Item M5(b) Carrying amount included in Schedule HC-C, items 1 through 9.**

Report the carrying amount (before any allowances established after acquisition for decreases in cash flows expected to be collected) of, i.e., the recorded investment in, all purchased impaired loans reported as held for investment. The recorded investment in these loans will have been included in Schedule HC-C, items 1 through 9.

## **Line Item M6 Closed-end loans with negative amortization features secured by 1–4 family residential properties in domestic offices.**

Report in the appropriate subitem the carrying amount of closed-end loans with negative amortization features secured by 1–4 family residential properties and, if certain criteria are met, the maximum remaining amount of negative amortization contractually permitted on these loans and the total amount of negative amortization included in the carrying amount of these loans. Negative amortization refers to a method in which a loan is structured so that the borrower’s minimum monthly (or other periodic) payment is contractually permitted to be less than the full amount of interest owed to the lender, with the unpaid interest added to the loan’s principal balance. The contractual terms of the loan provide that if the borrower allows the principal balance to rise to a pre-specified amount or maximum cap, the loan payments are then recast to a fully amortizing schedule. Negative amortization features may be applied to either adjustable rate mortgages or fixed rate mortgages, the latter commonly referred to as graduated payment mortgages (GPMs).

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## Schedule HC-C

Exclude reverse 1–4 family residential mortgage loans as described in the instructions for Schedule HC-C, item 1(c).

**Line Item M6(a) Total carrying amount of closed-end loans with negative amortization features secured by 1–4 family residential properties (included in Schedule HC-C, items 1.c.(2)(a) and (b)).**

*This item is to be completed by all bank holding companies.*

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

*Memorandum items 6(b) and 6(c) are to be completed by bank holding companies that had closed-end loans with negative amortization features secured by 1–4 family residential properties (as reported in Schedule HC-C, Memorandum item 6(a)) as of the previous December 31 report date that exceeded the lesser of \$100 million or 5 percent of total loans and leases, net of unearned income, in domestic offices (as reported in Schedule HC-C item 12, column B) as of the previous December 31 report date.*

**Line Item M6(b) Total maximum remaining amount of negative amortization contractually permitted on closed-end loans secured by 1–4 family residential properties.**

For all closed-end loans secured by 1–4 family residential properties whose terms allow for negative amortization (that were reported in Schedule HC-C, Memorandum item 6(a), report the total maximum remaining amount of negative amortization permitted under the terms of the loan contract (i.e., the maximum loan principal balance permitted under the negative amortization cap less the principal balance of the loan as of the quarter-end report date).

**Line Item M6(c) Total amount of negative amortization on closed-end loans secured by 1–4 family residential properties included in the carrying amount reported in Memorandum item 6(a) above.**

For all closed-end loans secured by 1–4 family residential properties whose terms allow for negative amortiza-

tion, report the total amount of negative amortization included in the carrying amount (i.e., the total amount of interest added to the original loan principal balance that has not yet been repaid) reported in Schedule HC-C, Memorandum item 6(a) above. Once a loan reaches its maximum principal balance, the amount of negative amortization included in the carrying amount should continue to be reported until the principal balance of the loan has been reduced through cash payments below the original principal balance of the loan.

**Line Item M7 Not applicable.**

**Line Item M8 Not applicable.**

**Line Item M9 Loans secured by 1–4 family residential properties (in domestic offices) in process of foreclosure.**

Report the total unpaid principal balance of loans secured by 1–4 family residential properties (in domestic offices) included in Schedule HC-C, item 1(c), column B, for which formal foreclosure proceedings to seize the real estate collateral have started and are ongoing as of quarter-end, regardless of the date the foreclosure procedure was initiated. Loans should be classified as in process of foreclosure according to local requirements. If a loan is already in process of foreclosure and the mortgagor files a bankruptcy petition, the loan should continue to be reported as in process of foreclosure until the bankruptcy is resolved. Exclude loans where the foreclosure process has been completed and the bank 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 bank 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.

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## Schedule HC-C

### **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 bank 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.

### **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.

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## Schedule HC-C

### **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).

### **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 bank 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 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

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## Schedule HC-C

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).

### **Line Item M12 Loans (not subject to the requirements of ASC 310-10) and leases held for investment that were acquired in business combinations with acquisition dates in the current calendar year.**

Report in the appropriate subitem and column the specified information on loans and leases held for investment purposes that were acquired in a business combination, as prescribed under ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), *Business Combinations*), with an acquisition date in the current calendar year. The acquisition date is the date on which the bank holding company obtains control<sup>1</sup> of the acquiree. Exclude purchased impaired loans held for investment that are accounted for in accordance with ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*) (report information on such loans in Schedule HC-C, memorandum item 5). (For further information,

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1. Control has the meaning of *controlling financial interest* in paragraph 2 of ASC Subtopic 810-10, Consolidation – Overall (formerly Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, as amended).

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## Schedule HC-C

see the Glossary entry for “purchased impaired loans and debt securities.”)

### *Column Instructions*

*Column A, Fair value of acquired loans and leases at acquisition date:* Report in this column the fair value of acquired loans and leases held for investment at the acquisition date (see the Glossary entry for “fair value”).

*Column B, Gross contractual amounts receivable at acquisition date:* Report in this column the gross contractual amounts receivable, i.e., the total undiscounted amount of all uncollected contractual principal and contractual interest payments on the receivable, both past due, if any, and scheduled to be paid in the future, on the acquired loans and leases held for investment at the acquisition date.

*Column C, Best estimate at acquisition date of contractual cash flows not expected to be collected:* Report in this column the bank holding company’s best estimate at the acquisition date of the portion of contractual cash flows receivable on acquired loans and leases held for investment that the bank holding company does not expect to collect.

### **Line Item M12(a) Loans secured by real estate.**

Report in the appropriate column the specified amounts for loans secured by real estate (as defined for Schedule HC-C, item 1) held for investment that were acquired in a business combination occurring in the current calendar year.

### **Line Item M12(b) Commercial and industrial loans.**

Report in the appropriate column the specified amounts for commercial and industrial loans (as defined for Schedule HC-C, item 4) held for investment that were acquired in a business combination occurring in the current calendar year.

### **Line Item M12(c) Loans to individuals for household, family, and other personal expenditures.**

Report in the appropriate column the specified amounts for loans to individuals for household, family, and other personal expenditures (as defined for Schedule HC-C,

item 6) held for investment that were acquired in a business combination occurring in the current calendar year.

### **Line Item M12(d) All other loans and all leases.**

Report in the appropriate column the specified amounts for all other loans and all leases (as defined for Schedule HC-C, items 2, 3, 7, 9, and 10) held for investment that were acquired in a business combination occurring in the current calendar year.

### **Line Item M13 Not applicable.**

### **Line Item M14 Pledged loans and leases.**

Report the amount of all loans and leases included in Schedule HC-C above that are pledged to secure deposits, repurchase transactions, or other borrowings (regardless of the balance of the deposits or other liabilities against which the loans and leases are pledged) or for any other purpose. Include loans and leases that have been transferred in transactions that are accounted for as secured borrowings with a pledge of collateral because they do not qualify as sales under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, as amended). Also include loans and leases held for sale or investment by consolidated variable interest entities (VIEs) that can be used only to settle obligations of the same consolidated VIEs (the amounts of which are also reported in Schedule HC-V, items 1(e) and 1(f)). In general, the pledging of loans and leases is the act of setting aside certain loans and leases to secure or collateralize bank holding company transactions with the bank holding company continuing to own the loans and leases unless the bank holding company defaults on the transaction.

When a bank holding company is subject to a blanket lien arrangement or has otherwise pledged an entire portfolio of loans to secure its Federal Home Loan Bank advances, it should report the amount of the entire portfolio of loans subject to the blanket lien in this item. Any loans within the portfolio that have been explicitly excluded or specifically released from the lien and that the bank holding company has the right, without constraint, to repledge to another party should not be reported as pledged in this item. However, if any such loans have been repledged to another party, they should be reported in this item.

# Trading Assets and Liabilities

## Schedule HC-D

### General Instructions

**Schedule HC-D is to be completed by bank 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 bank 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.

Pursuant to ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*), 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 bank holding company has elected to report at fair value under a fair value option with changes in fair value reported in current earnings should be classified as trading securities. In addition, for purposes of this report, bank holding companies may classify assets (other than securities within the scope of ASC Topic 320) and liabilities as trading if the bank 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 bank holding company would generally not classify a loan to which it has applied the fair value option as a trading asset unless the bank 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, bank 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.

*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 bank 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 bank 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.

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# Schedule HC-D

This schedule has two columns: column A provides trading asset and liability detail for the fully consolidated bank holding company and column B provides detail on trading assets and liabilities held by the domestic offices of the reporting bank holding company. (See the Glossary entry for “domestic office” for the definition of this term.)

## ASSETS

### **Line Item 1 U.S. Treasury securities.**

Report the total fair value of securities issued by the U.S. Treasury (as defined for Schedule HC-B, item 1, “U.S. Treasury securities”) held for trading.

### **Line Item 2 U.S. Government agency obligations.**

Report the total fair value of all obligations of U.S. Government agencies (as defined for Schedule HC-B, item 2, U.S. “Government agency obligations”) held for trading. Exclude mortgage-backed securities.

### **Line Item 3 Securities issued by states and political subdivisions in the U.S.**

Report the total fair value of all securities issued by states and political subdivisions in the United States (as defined for Schedule HC-B, item 3, “Securities issued by states and political subdivisions in the U.S.”) held for trading.

### **Line Item 4 Mortgage-backed securities (MBS).**

Report in the appropriate subitem the total fair value of all mortgage-backed securities held for trading.

#### **Line Item 4(a) Residential mortgage pass-through securities issued or guaranteed by FNMA, FHLMC, or GNMA.**

Report the total fair value of all residential mortgage pass-through securities issued or guaranteed by FNMA, FHLMC, or GNMA (as defined for Schedule HC-B, item 4(a)(1), Residential pass-through securities “Guaranteed by GNMA,” and item 4(a)(2), Residential pass-through securities “Issued by FNMA and FHLMC”) held for trading.

#### **Line Item 4(b) Other residential MBS issued or guaranteed by U.S. Government agencies or sponsored agencies.**

Report the total fair value of all other residential mortgage-backed securities issued or guaranteed by U.S. Govern-

ment agencies or U.S. Government-sponsored agencies (as defined for Schedule HC-B, item 4(b)(1), Other residential mortgage-backed securities “Issued or guaranteed by U.S. Government agencies or sponsored agencies”) held for trading.

U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

#### **Line Item 4(c) All other residential MBS.**

Report the total fair value of all other residential mortgage-backed securities (as defined for Schedule HC-B, item 4(a)(3), “Other pass-through securities,” item 4(b)(2), Other residential mortgage-backed securities “Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies,” and item 4(b)(3), “All other residential MBS”) held for trading.

#### **Line Item 4(d) Commercial MBS issued or guaranteed by U.S. Government agencies or sponsored agencies.**

Report the total fair value of all commercial mortgage-backed securities (as defined for Schedule HC-B, item 4(c), “Commercial MBS”) issued or guaranteed by U.S. Government agencies or U.S. Government-sponsored agencies that are held for trading. Also include commercial mortgage pass-through securities guaranteed by the Small Business Administration.

#### **Line Item 4(e) All other commercial MBS.**

Report the total fair value of all commercial mortgage-backed securities issued or guaranteed by non-U.S. Government issuers that are held for trading.

### **Line Item 5 Other debt securities:**

#### **Line Item 5(a) Structured financial products.**

Report in the appropriate subitem the total fair value of all structured financial products (as defined for Schedule HC-B, item 5(b), “Structured financial products”) held for trading according to whether the product is a cash, synthetic, or hybrid instrument.

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## Schedule HC-D

### **Line Item 5(a)(1) Cash instruments.**

Report the total fair value of structured financial products that are cash instruments (as defined for Schedule HC-B, item 5(b)(1)) held for trading.

### **Line Item 5(a)(2) Synthetic instruments.**

Report the total fair value of structured financial products that are synthetic instruments (as defined for Schedule HC-B, item 5(b)(2)) held for trading.

### **Line Item 5(a)(3) Hybrid instruments.**

Report the total fair value of structured financial products that are hybrid instruments (as defined for Schedule HC-B, item 5(b)(3)) held for trading.

### **Line Item 5(b) All other debt securities.**

Report the total fair value of all other debt securities (as defined for Schedule HC-B, item 5(a), "Asset-backed securities," and item 6, "Other debt securities") held for trading.

### **Line Item 6 Loans.**

Report in the appropriate subitem the total fair value of all loans held for trading. See the Glossary entry for "loan" for further information.

### **Line Item 6(a) Loans secured by real estate.**

Report the total fair value of loans secured by real estate (as defined for Schedule HC-C, item 1) held for trading for the fully consolidated bank holding company in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.

### **Line Item 6(a)(1) Construction, land development, and other land loans.**

Report the total fair value of construction, land development, and other land loans (as defined for Schedule HC-C, item 1(a)) held for trading.

### **Line Item 6(a)(2) Secured by farmland.**

Report the total fair value of loans secured by farmland (as defined for Schedule HC-C, item 1(b)) held for trading.

### **Line Item 6(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 real estate (as defined for Schedule HC-C, item 1(c)) held for trading.

### **Line Item 6(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 (as defined for Schedule HC-C, item 1(c)(1)) held for trading.

### **Line Item 6(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 real estate (as defined for Schedule HC-C, item 1(c)(2)) held for trading.

### **Line Item 6(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 (as defined for Schedule HC-C, item 1(c)(2)(a)) held for trading.

### **Line Item 6(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 (as defined for Schedule HC-C, item 1(c)(2)(b)) held for trading.

### **Line Item 6(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 (as defined for Schedule HC-C, item 1(d)) held for trading.

### **Line Item 6(a)(5) Secured by nonfarm nonresidential properties.**

Report the total fair value of loans secured by nonfarm nonresidential properties (as defined for Schedule HC-C, item 1(e)) held for trading.

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## Schedule HC-D

### **Line Item 6(b) Commercial and industrial loans.**

Report the total fair value of commercial and industrial loans (as defined for Schedule HC-C, item 4) held for trading.

### **Line Item 6(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) held for trading.

#### **Line Item 6(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 (as defined for Schedule HC-C, item 6(a)) held for trading.

#### **Line Item 6(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 (as defined for Schedule HC-C, item 6(b)) held for trading.

#### **Line Item 6(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 (as defined for Schedule HC-C, item 6(c)) held for trading.

#### **Line Item 6(c)(4) Other consumer loans.**

Report the total fair value of all other loans to individuals for household, family, and other personal expenditures (as defined for Schedule HC-C, item 6(d)) held for trading.

#### **Line Item 6(c)(3) Other consumer loans.**

Report the total fair value of all other loans to individuals for household, family, and other personal expenditures (as defined for Schedule HC-C, item 6.c) held for trading.

#### **Line Item 6(d) Other loans.**

Report the total fair value of all other loans held for trading that cannot properly be reported in one of the

preceding subitems of this item 6. 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).

#### **Line Items 7-8 Not applicable.**

#### **Line Item 9 Other trading assets.**

Report the total fair value of all trading assets that cannot properly be reported in items 1 through 6. Exclude revaluation gains on interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts (report in item 11 below).

#### **Line Item 10 Not applicable.**

#### **Line Item 11 Derivatives with a positive fair value.**

Report the amount of revaluation gains (i.e., assets) from the “marking to market” of interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts held for trading purposes. Revaluation gains and losses (i.e., assets and liabilities) from the “marking to market” of the reporting bank holding company’s derivative contracts executed with the same counterparty that meet the criteria for a valid right of setoff contained in ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*) (e.g., those contracts subject to a qualifying master netting arrangement) may be reported on a net basis using this item and item 14 below, as appropriate. (For further information, see the Glossary entry for “offsetting.”)

#### **Line Item 12 Total trading assets.**

Report the sum of items 1 through 11. The amount in column A for this item must equal Schedule HC, item 5, “Trading assets.”

## **LIABILITIES**

#### **Line Item 13(a) Liability for short positions.**

Report the total fair value of the reporting bank holding company’s liabilities resulting from sales of assets that the reporting bank holding company does not own (see the Glossary entry for “short position”).

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## Schedule HC-D

### **Line Item 13(a)(1) Equity securities.**

Report the fair value of the reporting bank holding company's liabilities resulting from sales of equity securities that the reporting bank holding company does not own, thereby establishing a short position.

### **Line Item 13(a)(2) Debt securities.**

Report the fair value of the reporting bank holding company's liabilities resulting from sales of debt securities that the reporting bank holding company does not own, thereby establishing a short position.

### **Line Item 13(a)(3) All other assets.**

Report the fair value of the reporting bank holding company's liabilities resulting from sales of all assets other than equity securities or debt securities that the reporting bank holding company does not own, thereby establishing a short position.

### **Line Item 13(b) All other trading liabilities.**

Report the total fair value of all trading liabilities other than the reporting bank holding company's liability for short positions. Exclude revaluation losses on interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts (report in item 14 below).

### **Line Item 14 Derivatives with a negative fair value.**

Report the amount of revaluation losses (i.e., liabilities) from the "marking to market" of interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts held for trading purposes. Revaluation gains and losses (i.e., assets and liabilities) from the "marking to market" of the reporting bank holding company's interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts executed with the same counterparty that meet the criteria for a valid right of setoff contained in ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*) (e.g., those contracts subject to a qualifying master netting arrangement) may be reported on a net basis using this item and item 11 above, as appropriate. (For further information, see the Glossary entry for "offsetting.")

### **Line Item 15 Total trading liabilities.**

Report the sum of items 13(a), 13(b), and 14. The amount in column A for this item must equal Schedule HC, item 15, "Trading liabilities."

## **Memoranda**

### **Line Item M1 Unpaid principal balance of loans measured at fair value.**

Report in the appropriate subitem the total unpaid principal balance outstanding for all loans held for trading reported in Schedule HC-D, item 6.

#### **Line Item M1(a) Loans secured by real estate.**

Report the total unpaid principal balance outstanding for all loans secured by real estate held for trading reported in Schedule HC-D, item 6(a), for the fully consolidated bank holding company in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.

#### **Line Item M1(a)(1) Construction, land development, and other land loans.**

Report the total unpaid principal balance outstanding for all construction, land development, and other land loans held for trading reported in Schedule HC-D, item 6(a)(1).

#### **Line Item M1(a)(2) Secured by farmland.**

Report the total unpaid principal balance outstanding for all loans secured by farmland held for trading reported in Schedule HC-D, item 6(a)(2).

#### **Line Item M1(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 held for trading reported in Schedule HC-D, item 6(a)(3).

#### **Line Item M1(a)(3)(a) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.**

Report the total unpaid principal balance outstanding for all revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit held for trading reported in Schedule HC-D, item 6(a)(3)(a).

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## Schedule HC-D

### **Line Item M1(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 held for trading reported in Schedule HC-D, item 6(a)(3)(b).

### **Line Item M1(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 held for trading reported in Schedule HC-D, item 6(a)(3)(b)(1).

### **Line Item M1(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 held for trading reported in Schedule HC-D, item 6(a)(3)(b)(2).

### **Line Item M1(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 held for trading reported in Schedule HC-D, item 6(a)(4).

### **Line Item M1(a)(5) Secured by nonfarm nonresidential properties.**

Report the total unpaid principal balance outstanding for all loans secured by nonfarm nonresidential properties held for trading reported in Schedule HC-D, item 6(a)(5).

### **Line Item M1(b) Commercial and industrial loans.**

Report the total unpaid principal balance outstanding for all commercial and industrial loans held for trading reported in Schedule HC-D, item 6(b).

### **Line Item M1(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 held for trading reported in Schedule HC-D, item 6(c).

### **Line Item M1(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 held for trading reported in Schedule HC-D, item 6(c)(1).

### **Line Item M1(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 held for trading reported in Schedule HC-D, item 6(c)(2).

### **Line Item M1(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 held for trading reported in Schedule HC-D, item 6(c)(3).

### **Line Item M1(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 held for trading reported in Schedule HC-D, item 6(c)(4).

### **Line Item M1(d) Other loans.**

Report the total unpaid principal balance outstanding for all loans held for trading reported in Schedule HC-D, item 6(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).

### **Line Item M2 Loans measured at fair value that are past due 90 days or more.**

Report in the appropriate subitem the total fair value and unpaid principal balance of all loans held for trading included in Schedule HC-D, items 6(a) through 6(d), that are past due 90 days or more as of the report date.

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## Schedule HC-D

### **Line Item M2(a) Fair value.**

Report the total fair value of all loans held for trading included in Schedule HC-D, items 6(a) through 6(d), that are past due 90 days or more as of the report date.

### **Line Item M2(b) Unpaid principal balance.**

Report in the appropriate column the total unpaid principal balance of all loans held for trading included in Schedule HC-D, items 6(a) through 6(d), that are past due 90 days or more as of the report date.

### **Line Item M3 Structured financial products by underlying collateral or reference assets.**

Report in the appropriate subitem the total fair value of all structured financial products held for trading by the predominant type of collateral or reference assets supporting the product. The sum of Memorandum items 3(a) through 3(g) must equal the sum of Schedule HC-D, items 5(a)(1) through 5(a)(3).

### **Line Item M3(a) Trust preferred securities issued by financial institutions.**

Report the total fair value of structured financial products held for trading that are supported predominantly by trust preferred securities issued by financial institutions.

### **Line Item M3(b) Trust preferred securities issued by real estate investment trusts.**

Report the total fair value of structured financial products held for trading that are supported predominantly by trust preferred securities issued by real estate investment trusts.

### **Line Item M3(c) Corporate and similar loans.**

Report the total fair value of structured financial products held for trading that are supported predominantly by corporate and similar loans. *Exclude* securities backed by loans that are commonly regarded as asset-backed securities rather than collateralized loan obligations in the marketplace (report in Schedule HC-B, item 5(a)).

### **Line Item M3(d) 1-4 family residential MBS issued or guaranteed by U.S. government-sponsored enterprises (GSEs).**

Report the total fair value of structured financial products held for trading that are supported predominantly by 1-4

family residential mortgage-backed securities issued or guaranteed by U.S. government-sponsored enterprises.

### **Line Item M3(e) 1-4 family residential MBS not issued or guaranteed by GSEs.**

Report the total fair value of structured financial products held for trading that are supported predominantly by 1-4 family residential mortgage-backed securities not issued or guaranteed by U.S. government-sponsored enterprises.

### **Line Item M3(f) Diversified (mixed) pools of structured financial products.**

Report the total fair value of structured financial products held for trading that are supported predominantly by diversified (mixed) pools of structured financial products. Include such products as CDOs squared and cubed (also known as “pools of pools”).

### **Line Item M3(g) Other collateral or reference assets.**

Report the total fair value of structured financial products held for trading that are supported predominantly by other types of collateral or reference assets not identified above.

### **Line Item M4 Pledged trading assets:**

#### **Line Item M4(a) Pledged securities.**

Report the total fair value of all securities held for trading included in Schedule HC-D above that are pledged to secure deposits, repurchase transactions, or other borrowings (regardless of the balance of the deposits or other liabilities against which the securities are pledged); as performance bonds under futures or forward contracts; or for any other purpose. Include as pledged securities:

- (1) Securities held for trading that have been “loaned” in securities borrowing/lending transactions that do not qualify as sales under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,” as amended).
- (2) Securities held for trading by consolidated variable interest entities (VIEs) that can be used only to settle obligations of the same consolidated VIEs (the amount of which is also reported in Schedule HC-V, item 1(h)).

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## Schedule HC-D

(3) Securities held for trading owned by consolidated insurance subsidiaries and held in custodial trusts that are pledged to insurance companies external to the consolidated bank holding company.

### **Line Item M4(b) Pledged loans.**

Report the total fair value of all loans held for trading included in Schedule HC-D above that are pledged to secure deposits, repurchase transactions, or other borrowings (regardless of the balance of the deposits or other liabilities against which the loans are pledged) or for any other purpose. Include loans held for trading that have been transferred in transactions that are accounted for as secured borrowings with a pledge of collateral because they do not qualify as sales under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities*, as amended). Also include loans held for trading by consolidated variable interest entities (VIEs) that can be used only to settle obligations of the same consolidated VIEs (the amount of which is also reported in Schedule HC-V, item 1(h)). In general, the pledging of loans is the act of setting aside certain loans to secure or collateralize bank holding company transactions with the bank holding company continuing to own the loans unless the bank holding company defaults on the transaction.

**NOTE: Memorandum items 5 through 10 are applicable only to bank 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.**

### **Line Item M5 Asset-backed securities.**

Report in the appropriate subitem the total fair value of all asset-backed securities, including asset-backed commercial paper, held for trading reported in Schedule HC-D, items 4 and 5. For purposes of categorizing asset-backed securities in Schedule HC-D, Memorandum items 5(a) through 5(f), below, each individual asset-backed security should be included in the item that most closely describes the predominant type of asset that collateralizes the security and this categorization should be used consistently over time. For example, an asset-backed security may be collateralized by automobile loans to both individuals and business enterprises. If the prospectus for this asset-backed security or other available information indicates that these automobile loans are

predominantly loans to individuals, the security should be reported in Schedule HC-D, Memorandum item 5(c), as being collateralized by automobile loans.

### **Line Item M5(a) Credit card receivables.**

Report the total fair value of all asset-backed securities collateralized by credit card receivables, i.e., extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards as defined for Schedule HC-C, item 6(a).

### **Line Item M5(b) Home equity lines.**

Report the total fair value of all asset-backed securities collateralized by home equity lines of credit, i.e., revolving, open-end lines of credit secured by 1-to-4 family residential properties as defined for Schedule HC-C, item 1(c)(1).

### **Line Item M5(c) Automobile loans.**

Report the total fair value of all asset-backed securities collateralized by automobile loans, i.e., loans to individuals for the purpose of purchasing private passenger vehicles, including minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use. Such loans are a subset of "Other consumer loans," as defined for Schedule HC-C, item 6(c).

### **Line Item M5(d) Other consumer loans.**

Report the total fair value of all asset-backed securities collateralized by other consumer loans, i.e., loans to individuals for household, family, and other personal expenditures as defined for Schedule HC-C, items 6(b) and 6(c), excluding automobile loans as described in Schedule HC-D, Memorandum item 5(c), above.

### **Line Item M5(e) Commercial and industrial loans.**

Report the total fair value of all asset-backed securities collateralized by commercial and industrial loans, i.e., loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than by real estate) or unsecured, single-payment or installment, as defined for Schedule HC-C, item 4.

### **Line Item M5(f) Other.**

Report the total fair value of all asset-backed securities collateralized by loans other than those included in

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## 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 bank holding company following a securitization (as defined by ASC Topic 860, Transfers and Servicing (formerly FASB 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 the instructions for Schedule HC-R, item 10) and residual interests in securitization trusts (as defined in the instructions for Schedule HC-R, item 50).

### **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 bank 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 bank 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 bank 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.**

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).

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## LINE ITEM INSTRUCTIONS FOR

# Deposit Liabilities

## Schedule HC-E

### General Instructions

A complete discussion of deposits is included in the Glossary entry entitled “deposits.” That discussion addresses the following topics and types of deposits in detail:

- (1) FDI Act definition of deposits;
- (2) demand deposits;
- (3) savings deposits;
- (4) time deposits;
- (5) time certificates of deposit;
- (6) time deposits, open account;
- (7) transaction accounts;
- (8) nontransaction accounts;
- (9) NOW accounts;
- (10) ATS accounts;
- (11) telephone or preauthorized transfer accounts;
- (12) money market deposit accounts (MMDAs);
- (13) interest-bearing accounts; and
- (14) noninterest-bearing accounts.

Additional discussions pertaining to deposits are also found under separate Glossary entries for the following:

- (1) borrowings and deposits in foreign offices;
- (2) brokered deposits;
- (3) dealer reserve accounts;
- (4) hypothecated deposits;
- (5) letters of credit (for letters of credit sold for cash and travelers’ letters of credit);
- (6) overdrafts;

- (7) pass-through reserve balances;
- (8) placements and takings; and
- (9) reciprocal balances.

NOTE: For purposes of this report, IBFs of subsidiary depository institutions of the reporting bank holding company are to be treated as foreign offices and their deposit liabilities should be excluded from this schedule.

### Definitions

The term “deposits” is defined in the Glossary and follows the definition of deposits used in the Federal Deposit Insurance Act. Reciprocal demand deposits between the domestic offices of the reporting bank holding company and the domestic offices of other depository institutions that are not consolidated on this report may be reported net when permitted by generally accepted accounting principles (GAAP). (See the Glossary entry for “reciprocal balances.”)

The following are *not* reported as deposits:

- (1) Deposits received in one office of a depository institution for deposit in another office of the same depository institution.
- (2) Outstanding drafts (including advices or authorizations to charge the depository institution’s balance in another depository institution) drawn in the regular course of business by the reporting depository institution on other depository institutions, including so-called “suspense depository accounts” (report as a deduction from the related “due from” account).
- (3) Trust funds held in the bank’s own trust department that the bank keeps segregated and apart from its general assets and does not use in the conduct of its business.

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## Schedule HC-E

- (4) Deposits accumulated for the payment of personal loans (i.e., hypothecated deposits), which should be netted against loans in Schedule HC-C, Loans and Lease Financing Receivables.
- (5) All obligations arising from assets sold under agreements to repurchase.
- (6) Overdrafts in deposit accounts. Overdrafts are to be reported as loans in Schedule HC-C, and not as negative deposits. Overdrafts in a single type of related transaction accounts (e.g., related demand deposits or related NOW accounts, but not a combination of demand deposit accounts and NOW accounts) of a single legal entity that are established under a bona fide cash management arrangement by this legal entity are not to be classified as loans unless there is a net overdraft position in the accounts taken as a whole. Such accounts are regarded as, and function as, one account rather than as multiple separate accounts.
- (7) Time deposits sold (issued) by a subsidiary bank of the consolidated bank holding company that have been purchased subsequently by a holding company subsidiary in the secondary market (typically as a result of the holding company's trading activities) and have not resold as of the report date. For purposes of these reports, a holding company (or its subsidiaries) that purchases a time deposit a subsidiary has issued is regarded as having paid the time deposit prior to maturity. The effect of the transaction is that the consolidated bank holding company has cancelled a liability as opposed to having acquired an asset for its portfolio.
- (5) Funds received or held in connection with checks or drafts drawn by a subsidiary depository institution of the reporting bank holding company and drawn on, or payable at or through, another depository institution either on a zero-balance account or on an account that is not routinely maintained with sufficient balances to cover checks drawn in the normal course of business (including accounts where funds are remitted by a subsidiary depository institution of the reporting bank holding company only when it has been advised that the checks or drafts have been presented).
- (6) Funds received or held in connection with traveler's checks and money orders sold (but not drawn) by a subsidiary depository institution of the reporting bank holding company, until the proceeds of the sale are remitted to another party, and funds received or held in connection with other such checks used (but not drawn) by a subsidiary depository institution of the reporting bank holding company, until the amount of the checks is remitted to another party.
- (7) Checks drawn by a subsidiary depository institution of the reporting bank holding company on, or payable at or through, a Federal Reserve Bank or a Federal Home Loan Bank.
- (8) Refundable loan commitment fees received or held by a subsidiary depository institution of the reporting bank holding company prior to loan closing.
- (9) Refundable stock subscription payments received or held by the reporting bank holding company prior to the issuance of the stock. (Report nonrefundable stock subscription payments in Schedule HC-G, item 4, "Other" liabilities.)

The following are reported as deposits:

- (1) Deposits of trust funds standing to the credit of other banks and all trust funds held or deposited in any department of a subsidiary depository institution of the reporting bank holding company other than the trust department.
- (2) Escrow funds.
- (3) Payments collected by a depository institution subsidiary on loans secured by real estate and other loans serviced for others that have not yet been remitted to the owners of the loans.
- (4) Credit balances resulting from customers' overpayments of account balances on credit cards and related plans.
- (10) Improperly executed repurchase agreement sweep accounts (repo sweeps). According to Section 360.8 of the FDIC's regulations, an "internal sweep account" is "an account held pursuant to a contract between an insured depository institution and its customer involving the pre-arranged, automated transfer of funds from a deposit account to . . . another account or investment vehicle located within the depository institution." When a repo sweep from a deposit account is improperly executed by an institution, the customer obtains neither an ownership interest in identified assets subject to a

# Schedule HC-E

repurchase agreement nor a perfected security interest in the applicable assets. In this situation, the institution should report the swept funds as deposit liabilities, not as repurchase agreements, beginning July 1, 2009.

In addition, the gross amount of debit items (“throw-outs,” “bookkeepers’ cutbacks,” or “rejects”) that cannot be posted to the individual deposit accounts without creating overdrafts or for some other reason, but which have been charged to the control accounts of the various deposit categories on the general ledger, should be credited to (added back to) the appropriate deposit control totals and reported in Schedule HC, item 11, “Other assets.”

## **Line Item 1 Deposits held in domestic offices of commercial bank subsidiaries of the reporting bank holding company.**

Report in items 1(a) through 1(e) below deposits held in domestic offices of the commercial bank subsidiaries of the reporting bank holding company that are consolidated by the holding company on this report.

For purposes of this item, commercial bank subsidiaries cover all banks that file the commercial bank Consolidated Reports of Condition and Income (FFIEC 031, 041). See the Glossary entry for “Domestic Office” for the definition of this term.

If the reporting bank holding company consolidates a subsidiary foreign bank on this report, items 1(a) through 1(e) must also include deposits held in the U.S. offices of such foreign bank subsidiaries.

### **Line Item 1(a) Noninterest-bearing balances.**

Report all noninterest-bearing deposits, including any matured time or savings deposits that have not automatically been renewed, as defined in the Glossary entry for “deposits.”

Include the following:

- (1) Noninterest-bearing deposits that are payable immediately on demand or issued with an original maturity of less than seven days, or that are payable with less than seven days notice, or for which the bank subsidiary does not reserve the right to require at least seven days written notice of an intended withdrawal.
- (2) Unpaid depositors’ checks that have been certified.

- (3) Cashiers’ checks, money orders, or other officers’ checks issued for any purpose including those issued in payment for services, dividends, or purchases that are drawn on a consolidated bank subsidiary of the reporting bank holding company by any of its duly authorized officers and that are outstanding on the report date.

- (4) Outstanding travelers’ checks, travelers’ letters of credit, or other letters of credit (less any outstanding drafts accepted thereunder) sold for cash or its equivalent by the consolidated bank holding company organization or its agents.

- (5) Outstanding drafts and bills of exchange accepted by the consolidated bank holding company organization or its agents for money or its equivalent, including drafts accepted against a letter of credit issued for money or its equivalent.

- (6) Checks or drafts drawn by, or on behalf of, a non-U.S. office of a subsidiary bank of the reporting bank holding company on an account maintained at a U.S. office of the bank subsidiary. Such drafts are, for the Consolidated Financial Statements for Bank Holding Companies, the same as officers’ checks. This would include “London checks,” “Eurodollar bills payable checks,” and any other credit items that the domestic bank issues in connection with such transactions.

### **Line Item 1(b) Interest-bearing demand deposits NOW, ATS, and other transaction accounts.**

Report in this item all interest-bearing demand deposits, all accounts subject to negotiable orders of withdrawal (i.e., NOW accounts), all ATS accounts (that is, accounts subject to automatic transfer from savings accounts), and all other transaction accounts, *excluding* noninterest-bearing demand deposits.

Other transaction accounts include the following:

- (1) Accounts (other than MMDAs) that permit third party payments through automated teller machines (ATMs) or remote service units (RSUs).
- (2) Accounts (other than MMDAs) that permit third party payments through the use of checks, drafts, negotiable instruments, debit cards, or other similar items.
- (3) Accounts (other than MMDAs) if more than six of the following transactions per calendar month are

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## Schedule HC-E

permitted to be made by telephone or preauthorized order or instruction:

- (a) payments or transfers to third parties;
- (b) transfers to another account of the depositor at the same institution; and
- (c) transfers to an account at another depository institution.

### **Line Item 1(c) Money market deposit accounts and other savings accounts.**

Report in this item all savings deposits held in the subsidiary commercial banks consolidated in this report by the reporting bank holding company, other than NOW accounts, ATS accounts, or other transaction accounts that are in the form of savings deposits.

Include the following in this item:

- (1) Money market deposit accounts (MMDAs).
- (2) Savings deposits subject to telephone and preauthorized transfers where the depositor is not permitted or authorized to make more than six withdrawals per month for purposes of transferring funds to another account or for making a payment to a third party by means of preauthorized or telephone agreement, order, or instruction.
- (3) Savings deposits subject to no more than six transfers per month for purposes of covering overdrafts (i.e., overdraft protection plan accounts).
- (4) All other savings deposits that are not classified as transaction accounts (e.g., regular savings and passbook savings accounts).
- (5) Interest paid by crediting the savings deposit accounts defined by paragraphs (1) through (4) in this item.

Exclude the following from this item:

- (1) NOW accounts (including "Super NOWs") and ATS accounts (report in item 1(b) above).
- (2) Overdraft protection plan accounts that permit more than six transfers per month (report in item 1(a) as a demand deposit).
- (3) Savings deposits subject to telephone or preauthorized transfer (report in item 1(b) above), unless the depositor is not permitted or not authorized to make more than six withdrawals per month for purposes of

transferring funds to another account or for making a payment to a third party by means of preauthorized or telephone agreement, order, or instruction.

- (4) Special passbook or statement accounts, such as "90-day notice accounts," "golden passbook accounts," or deposits labeled as "savings certificates," that have a specified original maturity of seven days or more (report as time deposits in item 1(d) or 1(e) below).
- (5) Interest accrued on savings deposits but not yet paid or credited to a deposit account (exclude from this schedule and report in Schedule HC, item 20, "Other liabilities").

### **Line Item 1(d) Time deposits of less than \$100,000.**

Report in this item all time deposits with balances of less than \$100,000 that are held in domestic offices of the commercial bank subsidiaries of the reporting bank holding company. This item includes both time certificates of deposit and open-account time deposits with balances of less than \$100,000, regardless of negotiability or transferability.

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 less than \$100,000.
- (2) Interest paid by crediting nontransaction time deposit accounts with balances of less than \$100,000.
- (3) 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. In addition, if the bank subsidiary has issued a master certificate of deposit to a deposit broker in an amount that exceeds \$100,000 and under which brokered certificates of deposit are issued in \$1,000 amounts (so-called "retail brokered deposits"), individual depositors who purchase multiple certificates issued by the bank subsidiary normally do not exceed the applicable deposit insurance limit (either \$100,000 or \$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

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## Schedule HC-E

the bank subsidiary issuing the deposits. If this information is not readily available to the issuing bank subsidiary, 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 1(e) below).

### **Line Item 1(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 the commercial bank subsidiaries of the reporting bank 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 1(d)).
- (2) All time deposits with balances of less than \$100,000 (report in item 1(d)).

NOTE: Bank holding companies should include as time deposits of their commercial bank subsidiaries 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.

### **Line Item 2 Deposits held in domestic offices of other depository institutions that are subsidiaries of the reporting bank holding company.**

NOTE: Items 2(a) through 2(e) are to be completed only by bank holding companies that have depository institutions other than banks as subsidiaries.

Report in items 2(a) through 2(e) below deposits held in domestic offices of other depository institutions that are

subsidiaries of the reporting bank holding company and that are consolidated by the holding company on this report.

For purposes of this item, other depository institutions cover depository institutions other than commercial banks (as defined in item 1 of this schedule) that are consolidated subsidiaries of the reporting bank holding company. Such depository institutions may include savings and loan or building and loan associations, depository trust companies, or other institutions that accept deposits that do not submit the commercial bank Reports of Condition and Income (FFIEC 031, 041).

*Exclude* Edge and Agreement Corporations from the coverage of “other depository institutions” for purposes of this item. Domestic offices are those offices located in the fifty states of the United States and the District of Columbia.

### **Line Item 2(a) Noninterest-bearing balances.**

Report all noninterest-bearing deposits, including any matured time or savings deposits that have not automatically been renewed, as defined in the Glossary entry for “deposits,” that are held in domestic offices of “other depository institutions” that are subsidiaries consolidated on the reporting bank holding company’s financial statements. Include any deposit account on which the issuing depository institution pays no compensation.

### **Line Item 2(b) Interest-bearing demand deposits, NOW, ATS, and other transaction accounts.**

Report in this item all interest-bearing demand deposits, all accounts subject to negotiable orders of withdrawal (i.e., NOW accounts), all ATS accounts (that is, accounts subject to automatic transfer from savings accounts), and all other transaction accounts that are held in domestic offices of the “other depository institution” subsidiaries of the reporting bank holding company.

Other transaction accounts include the following:

- (1) Accounts (other than MMDAs) that permit third party payments through automated teller machines (ATMs) or remote service units (RSUs).
- (2) Accounts (other than MMDAs) that permit third party payments through the use of checks, drafts, negotiable instruments, debit cards, or other similar items.

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## Schedule HC-E

(3) Accounts (other than MMDAs) if more than six of the following transactions per calendar month are permitted to be made by telephone or preauthorized order or instruction:

- (a) payments or transfers to third parties;
- (b) transfers to another account of the depositor at the same institution; and
- (c) transfers to an account at another depository institution.

### **Line Item 2(c) Money market deposit accounts and other savings accounts.**

Report in this item all savings deposits held in the subsidiary depository institutions (other than commercial banks) consolidated in this report by the reporting bank holding company, other than NOW accounts, ATS accounts, or other transaction accounts that are in the form of savings deposits.

Include in this item the following:

- (1) Savings deposits subject to telephone and preauthorized transfers where the depositor is not permitted or authorized to make more than six withdrawals per month for purposes of transferring funds to another account or for making a payment to a third party by means of preauthorized or telephone agreement, order, or instruction.
- (2) Savings deposits subject to no more than six transfers per month for purposes of covering overdrafts (i.e., overdraft protection plan accounts).
- (3) All other savings deposits that are not classified as transaction accounts (e.g., regular savings and pass-book savings accounts).
- (4) Interest paid by crediting the savings deposit accounts defined by paragraphs (1) through (4) in this item.

Exclude from this item the following:

- (1) NOW accounts and ATS accounts (report in item 2(b) above).
- (2) Overdraft protection plan accounts that permit more than six transfers per month (report in item 2(a) as noninterest-bearing balances).
- (3) Savings deposits subject to telephone or preauthorized transfer (report in item 2(b) above), unless the depositor is not permitted or not authorized to make

more than six withdrawals per month for purposes of transferring funds to another account or for making a payment to a third party by means of preauthorized or telephone agreement, order, or instruction.

- (4) Interest accrued on savings deposits but not yet paid or credited to a deposit account (exclude from this schedule and report in Schedule HC, item 20, "Other liabilities").

### **Line Item 2(d) Time deposits of less than \$100,000.**

Report in this item all time deposits with balances of less than \$100,000 that are held in domestic offices of "other depository institutions" (other than commercial banks), as defined in item 2 above that are subsidiaries of the reporting bank holding company. This item includes both time certificates of deposit and open-account time deposits with balances of less than \$100,000, regardless of negotiability or transferability.

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 less than \$100,000.
- (2) Interest paid by crediting nontransaction time deposit accounts with balances of less than \$100,000.
- (3) 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. In addition, if the depository institution has issued a master certificate of deposit to a deposit broker in an amount that exceeds \$100,000 and under which brokered certificates of deposit are issued in \$1,000 amounts (so-called "retail brokered deposits"), individual depositors who purchase multiple certificates issued by the 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

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## Schedule HC-E

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 bank 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: Bank 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

bank 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 bank 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.

#### **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 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.

#### **Line Item M4 Foreign office time deposits with a remaining maturity of one year or less.**

Report all time deposits in foreign offices with remaining maturities of one year or less. Remaining maturity is the amount of time remaining from the report date until the

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# Schedule HC-E

final contractual maturity of a time deposit. The time deposits included in this item will also have been included in Schedule HC, item 13(b).

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## LINE ITEM INSTRUCTIONS FOR

# Other Assets

## Schedule HC-F

### General Instructions

Complete this schedule for the fully consolidated bank holding company. Eliminate all intercompany balances between offices, subsidiaries, and other entities included in the scope of the consolidated bank holding company.

#### Line Item 1 Accrued interest receivable.

Report the amount of interest earned or accrued on earning assets and applicable to current or prior periods that has not yet been collected. Accrued interest on securities purchased may be reported in this item, or in item 6 below, if accounted for separately from “accrued interest receivable” in the bank holding company’s records.

Exclude retained interest in accrued interest receivable related to securitized credit cards (report in Schedule HC-F, item 6).

#### Line Item 2 Net deferred tax assets.

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

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

#### Line Item 3 Interest-only strips receivable (not in the form of a security) on:

As defined in ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, as amended), an interest-only strip receivable is the contractual right to receive some or all of the interest due on a bond, mortgage loan, collateralized mortgage obligation, or other interest-bearing financial asset. This includes, for example, contractual rights to future interest cash flows that exceed contractually specified servicing fees on financial assets that have been sold. Report in the appropriate subitem interest-only strips receivable not in the form of a security that are measured at fair value like available-for-sale securities.<sup>1</sup> Report unrealized gains (losses) on these interest-only strips receivable in Schedule HC, item 26(b), “Accumulated other comprehensive income.”

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

#### Line Item 3(a) Mortgage loans.

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

#### Line Item 3(b) Other financial assets.

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

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1. An interest-only strip receivable is not in the form of a security if the strip does not meet the definition of a security in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*).

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## Schedule HC-F

### **Line Item 4 Equity securities that do not have readily determinable fair values.**

Report the historical cost of equity securities without readily determinable fair values. These equity securities are outside 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*). An equity security does not have a readily determinable fair value if sales or bid-and-asked quotations are *not* currently available on a securities exchange registered with the Securities and Exchange Commission (SEC) and are *not* publicly reported by the National Association of Securities Dealers Automated Quotations systems or the National Quotation Bureau. The fair value of an equity security traded only in a foreign market is *not* of a breadth and scope comparable to one of the U.S. markets referenced above.

Equity securities that do not have readily determinable fair values may have been purchased by the reporting bank holding company or acquired for debts previously contracted.

*Include* in this item:

- (1) Paid-in stock of a Federal Reserve Bank.
- (2) Common and preferred stocks that do not have readily determinable fair values, such as stock of bankers' banks and Class B voting common stock of the Federal Agricultural Mortgage Corporation (Farmer Mac).
- (3) Stock of a Federal Home Loan Bank.
- (4) "Restricted stock," as defined in ASC Topic 320, i.e., equity securities for which sale is restricted by governmental or contractual requirement (other than in connection with being pledged as collateral), except if that requirement terminates within one year or if the holder has the power by contract or otherwise to cause the requirement to be met within one year.
- (5) Participation certificates issued by a Federal Intermediate Credit Bank, which represent nonvoting stock of the bank.
- (6) Minority interests held by the reporting bank holding company in any company not meeting the definition of associated company, except minority holdings that indirectly represent premises of the bank holding

company (report in Schedule HC, item 6), other real estate owned (report in Schedule HC, item 7), or investments in real estate ventures (report in Schedule HC, item 9), provided that the fair value of any capital stock representing the minority interest is not readily determinable. (See the Glossary entry for "subsidiaries" for the definition of associated company.)

- (7) Equity holdings in those corporate ventures over which the reporting bank does not exercise significant influence, except equity holdings that indirectly represent premises of the bank holding company (report in Schedule HC, item 6), other real estate owned (report in Schedule HC, item 7), or investments in real estate ventures (report in Schedule HC, item 9). (See the Glossary entry for "subsidiaries" for the definition of corporate joint venture.)

*Exclude* from this item:

- (1) Investments in subsidiaries that have not been consolidated; associated companies; corporate joint ventures, unincorporated joint ventures, and general partnerships over which the bank holding company exercises significant influence; and noncontrolling investments in certain limited partnerships and limited liability companies (described in the Glossary entry for "equity method of accounting") (report in Schedule HC, item 8, "Investments in unconsolidated subsidiaries and associated companies," or item 9, "Direct and indirect investments in real estate ventures," as appropriate).
- (2) Preferred stock that by its terms either must be redeemed by the issuing enterprise or is redeemable at the option of the investor (report in Schedule HC-B, item 6, "Other debt securities").

### **Line Item 5 Life insurance assets.**

Report in the appropriate subitem the amount of the bank holding company's general account, separate account, and hybrid account holdings of life insurance that could be realized under the insurance contracts as of the report date. In general, this amount is the cash surrender value reported to the bank holding company by the insurance carrier, less any applicable surrender charges not reflected by the carrier in the reported cash surrender value, on all forms of permanent life insurance policies owned by the bank holding company, its consolidated subsidiaries, and grantor (rabbi) trusts established by the bank holding

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## Schedule HC-F

company or its consolidated subsidiaries, regardless of the purposes for acquiring the insurance. A bank holding company should also consider any additional amounts included in the contractual terms of the insurance policy in determining the amount that could be realized under the insurance contract. For further information, see the Glossary entry for “bank-owned life insurance.”

Permanent life insurance refers to whole and universal life insurance, including variable universal life insurance. Purposes for which insurance may be acquired include offsetting pre- and post-retirement costs for employee compensation and benefit plans, protecting against the loss of key persons, and providing retirement and death benefits to employees.

Include as life insurance assets the bank holding company’s interest in insurance policies under split-dollar life insurance arrangements with directors, officers, and employees under both the endorsement and collateral assignment methods.

### **Line Item 5(a) General account life insurance assets.**

Report the amount of the bank holding company’s holdings of life insurance assets associated with general account insurance policies. In a general account life insurance policy, the general assets of the insurance company issuing the policy support the policy’s cash surrender value.

Also include the portion of the carrying value of:

- (1) Separate account policies that represents general account claims on the insurance company, such as realizable deferred acquisition costs and mortality reserves; and
- (2) Hybrid account policies that represents general account claims on the insurance company, such as any shortfall in the value of the separate account assets supporting the cash surrender value of the policies.

### **Line Item 5(b) Separate account life insurance assets.**

Report the amount of the bank holding company’s holdings of life insurance assets associated with separate account insurance policies. In a separate account policy, the policy’s cash surrender value is supported by assets segregated from the general assets of the insurance

carrier. Under such an arrangement, the policyholder neither owns the underlying separate account created by the insurance carrier on its behalf nor controls investment decisions in the underlying account, but does assume all investment and price risk.

Separate accounts are employed by life insurers to meet specific investment objectives of policyholders. The accounts are often maintained as separate accounting and reporting entities for pension plans as well as fixed benefit, variable annuity, and other products. Investment income and investment gains and losses generally accrue directly to such policyholders and are not accounted for on the general accounts of the insurer. On the books of the insurer, the carrying values of separate account assets and liabilities usually approximate each other with little associated capital. Because they are legally segregated, the assets of each separate account are not subject to claims on the insurer that arise out of any other business of the insurance company.

### **Line Item 5(c) Hybrid account life insurance assets.**

Report the amount of the bank holding company’s holdings of life insurance assets associated with hybrid account insurance policies. A hybrid account insurance policy combines features of both general and separate account insurance products. Similar to a general account life insurance policy, a hybrid policy offers a guaranteed minimum crediting rate, does not carry market value risk, and does not require stable value protection. However, like a separate account life insurance policy, a hybrid policy’s cash surrender value is supported by assets segregated from the general assets of the insurance carrier. Because they are legally segregated, the assets of each separate account are not subject to claims on the insurer that arise out of any other business of the insurance company. Additionally, the bank holding company holding the hybrid account life insurance policy is able to select the investment strategy in which the insurance premiums are invested. Under such an arrangement, the policyholder neither owns the underlying separate account created by the insurance carrier on its behalf nor controls investment decisions in the underlying account.

### **Line Item 6 Other.**

Report the amount of all other assets (other than those reported in Schedule HC-F, items 1, 2, 3, 4, and 5 above)

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## Schedule HC-F

which cannot properly be reported in Schedule HC, items 1 through 10.

*Include* as all other assets:

- (1) Prepaid expenses i.e., those applicable as a charge against earnings in future periods, including prepaid deposit insurance assessments.
- (2) Cost of issuing subordinated notes and debentures and the cost of issuing notes payable to unconsolidated special purpose entities that issue trust preferred securities, net of accumulated amortization.
- (3) Automobiles, boats, equipment, appliances, and similar personal property repossessed or otherwise acquired for debts previously contracted.
- (4) Derivative instruments that have a positive fair value that the bank holding company holds for purposes other than trading. For further information, see Glossary entry for “derivative contracts.”
- (5) Accrued interest on securities purchased (if accounted for separately from “accrued interest receivable” in the bank holding company’s records).
- (6) Cash items not conforming to the definition of “Cash items in process of collection” found in the instruction to Schedule HC, item 1(a).
- (7) Credit or debit card sales slips in process of collection until the reporting bank holding company has been notified that it has been given credit (report thereafter in Schedule HC, item 1(a), “Noninterest-bearing balances and currency and coin”).
- (8) Purchased computer software, net of accumulated amortization, and unamortized costs of computer software to be sold, leased, or otherwise marketed capitalized in accordance with the provisions of ASC Subtopic 985-20, Software – Costs of Software to Be Sold, Leased or Marketed (formerly FASB Statement No. 86, *Accounting for the Cost of Computer Software to be Sold, Leased, or Otherwise Marketed*).
- (9) Bullion (e.g., gold or silver) not held for trading purposes.
- (10) Original art objects, including paintings, antique objects, and similar valuable decorative articles (report at cost unless there has been a decline in value, judged to be other than temporary, in which case the object should be written down to its fair value).
- (11) Securities or other assets held in charitable trusts (e.g., Clifford Trusts).
- (12) The *full* amount (with the exceptions noted below) of customers’ liability to the reporting bank holding company on drafts and bills of exchange that have been accepted by the reporting bank holding company, or by others for its account, and are outstanding. The amount of customers’ liability to the reporting bank holding company on its acceptances that have not yet matured should be reduced only when: (a) the customer anticipates its liability to the reporting bank holding company on an outstanding acceptance by making a payment to the bank holding company in advance of the acceptance’s maturity that immediately reduces the customer’s indebtedness to the bank holding company on such an acceptance; or (b) the reporting bank holding company acquires and holds its own acceptance. See the Glossary entry for “bankers acceptances” for further information.
- (13) Furniture and equipment rented to others under operating leases, net of accumulated depreciation.
- (14) Ground rents.
- (15) Customers’ liability for deferred payment letters of credit.
- (16) Reinsurance recoverables of insurance subsidiaries from unaffiliated reinsurers only. (Also report, as appropriate, in Schedule HC-I).
- (17) “Separate account assets” of insurance subsidiaries. (Also report, as appropriate, in Schedule HC-I).
- (18) The positive fair value of unused loan commitments (not accounted for as derivatives) that the bank holding company has elected to report at fair value under a fair value option.
- (19) Retained interests in accrued interest receivable related to securitized credit cards. For further information, see the Glossary entry for “accrued interest receivable related to credit card securitizations.”
- (20) Indemnification assets arising from loss-sharing agreements with the FDIC covering specified assets acquired from failed insured depository institutions

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## Schedule HC-F

or otherwise purchased from the FDIC. (Exclude the assets covered by FDIC loss-sharing agreements from this component of “Other” assets. Report each covered asset in the balance sheet category appropriated to the asset on Schedule HC, e.g., report covered held-for-investment loans in Schedule HC, item 4(b), “Loans and leases, net of unearned income.”)

*Exclude* from all other assets:

- (1) Redeemed U.S. savings bonds and food stamps (report in Schedule HC, item 1(a), “Noninterest-bearing balances and currency and coin”).
- (2) Real estate owned or leasehold improvements to property intended for future use as premises of the bank holding company (report in Schedule HC, item 6, “Premises and fixed assets”).
- (3) Accounts identified as “building accounts,” “construction accounts,” or “remodeling accounts” (report in Schedule HC, item 6, “Premises and fixed assets”).
- (4) Real estate acquired in any manner for debts previously contracted (including, but not limited to, real estate acquired through foreclosure and real estate acquired by deed in lieu of foreclosure), even if the bank holding company has not yet received title to the property, and real estate collateral underlying a loan when the bank holding company has obtained physical possession of the collateral, regardless of whether formal foreclosure proceedings have been instituted against the borrower (report as “All other real estate owned” in Schedule HC-M, item 13(b)).
- (5) Due bills representing purchases of securities or other assets by the reporting bank that have not yet been delivered (report as loans in Schedule HC-C).
- (6) Factored accounts receivable (report as loans in Schedule HC-C).

### **Line Item 7 Total.**

Report the sum of items 1 through 6. This amount must equal Schedule HC, item 11, “Other assets.”-

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LINE ITEM INSTRUCTIONS FOR

# Other Liabilities

## Schedule HC-G

### General Instructions

Complete this schedule for the fully consolidated bank holding company. Eliminate all intercompany balances between offices, subsidiaries, and other entities included in the scope of the consolidated bank holding company.

#### Line Item 1 Not applicable.

#### Line Item 2 Net deferred tax liabilities.

Report the net amount after offsetting deferred tax assets (net of valuation allowance) and deferred tax liabilities measured at the report date for a particular tax jurisdiction if the net result is a credit balance. If the result for a particular tax jurisdiction is a net *debit* balance, report the amount in Schedule HC-F, item 2, “Net deferred tax assets.” If the result for each tax jurisdiction is a net debit balance, enter a zero in this item. (A bank holding company may report a net deferred tax debit, or asset, for one tax jurisdiction, such as for federal income tax purposes, and also report at the same time a net deferred tax credit, or liability, for another tax jurisdiction, such as for state or local income tax purposes.)

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

#### Line Item 3 Allowance for credit losses on off-balance sheet credit exposures.

Report the amount of any allowance for credit losses on off-balance sheet exposures established in accordance with generally accepted accounting principles.

#### Line Item 4 Other.

Report the amount of all other liabilities (other than those reported in Schedule HC-G, items 2 and 3 above) that cannot properly be reported in Schedule HC, items 13 through 19. Report the amount of interest on deposits,

income taxes, interest on nondeposit liabilities, and other expenses accrued through charges to expense during the current or prior periods, but not yet paid or credited to a deposit account.

*Include* as all other liabilities:

- (1) Accounts payable.
- (2) Deferred compensation liabilities.
- (3) Dividends declared but not yet payable—Include the amount of cash dividends declared on limited-life preferred, perpetual preferred, and common stock on or before the report date but not payable until after the report date. (Report dividend checks outstanding as deposit liabilities in Schedule HC-E).
- (4) Derivative instruments that have a negative fair value that the reporting bank holding company holds for purposes other than trading. For further information, see Glossary entry for “derivative contracts.”
- (5) Deferred gains from sale-leaseback transactions.
- (6) Unamortized loan fees, other than those that represent an adjustment of the interest yield, if material (refer to the Glossary entry for “loan fees” for further information).
- (7) Bank holding company’s liability for deferred payment letters of credit.
- (8) Recourse liability accounts arising from asset transfers with recourse that are reported as sales.
- (9) Claims and claims adjustment expense reserves of insurance subsidiaries. (Also report, as appropriate, in Schedule HC-I).
- (10) Unearned premiums of insurance subsidiaries. (Also report, as appropriate, in Schedule HC-I).

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## Schedule HC-G

- (11) Policyholder benefits and contractholder funds of insurance subsidiaries. (Also report, as appropriate, on Schedule HC-I).
- (12) "Separate account liabilities" of insurance subsidiaries (Also report, as appropriate, in Schedule HC-I).
- (13) The *full* amount (except as noted below) of the liability represented by drafts and bills of exchange that have been accepted by the reporting bank holding company, or by others for its account, and that are outstanding. The bank holding company's liability on acceptances executed and outstanding should be reduced prior to the maturity of such acceptances only when the reporting bank holding company acquires and holds its own acceptances, i.e., only when the acceptances are not outstanding. See the Glossary entry for "bankers acceptances" for further information.
- (14) Servicing liabilities.
- (15) The negative fair value of unused loan commitments (not accounted for as derivatives) that the bank holding company has elected to report at fair value under a fair value option.

*Exclude* from all other liabilities (report in Schedule HC, item 19(b), "Subordinated notes payable to unconsolidated trusts issuing trust preferred securities, and trust preferred securities issued by consolidated special purpose entities"):

- (1) Instruments generally referred to as trust preferred securities that are issued out of *consolidated* special purpose entities. For further information, see the Glossary entry for "Trust preferred securities issued."

- (2) Notes payable to *unconsolidated* special purpose entities that issue trust preferred securities.

*Exclude* from all other liabilities (report in appropriate items of Schedule HC-E, Deposit Liabilities):

- (1) Proceeds from sales of U.S. savings bonds.
- (2) Withheld taxes, social security taxes, sales taxes, and similar items.
- (3) Mortgage and other escrow funds (e.g., funds received for payment of taxes or insurance), sometimes described as mortgagors' deposits or mortgage credit balances.
- (4) Undisbursed loan funds for which borrowers are liable and on which they pay interest. The amounts of such undisbursed funds should be included in both loans and deposits.
- (5) Funds held as dealer reserves (see the Glossary entry for "dealer reserve accounts" for the definition of this term).
- (6) Payments collected by the bank holding company on loans secured by real estate and other loans serviced for others that have not yet been remitted to the owners of the loans.
- (7) Credit balances on credit cards and other revolving credit plans as a result of customers' overpayments.

Also exclude from all other liabilities due bills or similar instruments representing the bank holding company's receipt of payment and the bank holding company's liability on capital lease obligations (report in Schedule HC, item 16, "Other borrowed money").

### **Line Item 5 Total.**

Report the sum of items 1 through 4. This amount must equal Schedule HC, item 20, "Other liabilities."

# Interest Sensitivity

## Schedule HC-H

### General Instructions

Schedule HC-H requests information related to interest rate sensitivity.

Information for only selected assets and liabilities is requested in this schedule. The schedule does not provide, nor is it intended to provide, a comprehensive view of the interest rate sensitivity position of the reporting bank holding company.

The information reported on this schedule must be consolidated on the same basis as the rest of the Consolidated Financial Statements for Bank Holding Companies. However, bank holding companies that have foreign subsidiaries or subsidiaries with more than one office in foreign countries (including offices of consolidated foreign subsidiaries but excluding “shell” branches, excluding offices in Puerto Rico or U.S. territories and possessions, and excluding IBFs) have the option of excluding the smallest of such non-U.S. offices from coverage in this schedule. Such bank holding companies may exclude the smallest of their offices in foreign countries (other than “shell” branches) when arrayed by total assets provided that the assets of the excluded offices do not exceed 50 percent of the total assets of the bank holding company’s offices (excluding “shells”) in foreign countries and do not exceed 10 percent of the total consolidated assets of the reporting bank holding company as of the report date. (Note: In determining the total assets of offices in foreign countries eligible for exclusion from this schedule, bank holding companies should exclude not only “shell” branches but also offices in Puerto Rico and U.S. territories and possessions, domestic offices of Edge and Agreement subsidiaries, and IBFs even though these are sometimes referred to as “foreign” offices. Also, the asset totals for all offices in foreign countries should be the component of the total consolidated assets, i.e., should exclude all intracompany transactions.)

The assets and liabilities included in this schedule should be reported without regard to the instruments’ repayment schedules, by remaining maturity for transactions with fixed or predetermined rates, and by repricing frequency for transactions with floating or adjustable rates. (See definitions of terms below.)

### Alternatively, the bank holding company may, at its option:

- (1) continue to report its floating rate transactions by the earliest repricing opportunity if its records provide repricing data on the length of time between the report date and the date the rate can next change; and
- (2) continue to report its multipayment transactions on the basis of the scheduled contractual payments if its records provide repricing data on the basis of these scheduled contractual payments.

However, the reporting bank holding company must apply either the first procedure in reporting this schedule or the alternate procedure but it must apply one procedure consistently for every transaction reported on this schedule.

### Definitions

A *fixed interest rate* is a rate that is specified at the origination of the transaction, is fixed and invariable during the term of the instrument, and is known to both the borrower and the lender.

A *predetermined interest rate* is a rate that changes during the term of the instrument on a predetermined basis, with the exact rate of interest over the life of the instrument known with certainty to both the borrower and the lender when the instrument is acquired. Examples of predetermined-rate transactions are as follows:

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## Schedule HC-H

- (1) Loans that carry a specified interest rate, for, say, six months and thereafter carry a rate equal to a specific percentage over the initial rate.
- (2) Loans that carry a specified interest rate while the loan amount is below a certain threshold amount but carry a different specified rate above that threshold (e.g., a line of credit where the interest rate is 14% when the unpaid balance of amounts advanced is \$100,000 or less, and 12% when the unpaid balance is more than \$100,000).

A *floating or adjustable interest rate* is a rate that varies, or can vary, in relation to an index, to some other interest rate, such as the rate on certain U.S. government securities or the bank's "prime rate," or to some other variable criterion the exact value of which cannot be known in advance. Therefore, the exact rate the instrument carries at any subsequent time cannot be known at the time of origination. If the interest rate can float or be adjusted daily, the rate is considered immediately adjustable, even if the rate is not, in fact, changed.

For purposes of this schedule, when the rate on an instrument with a floating or adjustable rate can no longer float because it has reached a floor or ceiling level, the instrument is to be treated as "fixed rate" rather than as "floating rate" until the rate is again free to float.

*Remaining maturity* is the amount of time remaining from the report date until the final contractual maturity of the instrument *without regard to the instruments repayment schedule, if any*.

Repricing frequency is how often the contract permits the interest rate on an instrument to be changed (e.g., daily, monthly, quarterly, semiannually, annually) without regard to the length of time between the report date and the date the rate can next change.

### **Line Item 1 Earning assets that are repriceable within one year or mature within one year.**

Report all assets that the consolidated bank holding company considers earning assets that have a remaining maturity of less than one year or where the repricing frequency is less than one year.

Earning assets generally include interest-bearing balances due from depository institutions, securities, federal funds sold and securities purchased under agreements to resell, and loans and leases. Assets in these categories

that are in nonaccrual status should be *excluded* from earning assets.

*Exclude* trading account assets and equity securities.

Report in this item the following:

- (1) Earning assets that have a fixed or predetermined interest rate and that have a *remaining maturity* of less than one year.

Note, however, bank holding companies with multi-payment fixed rate earning assets *may continue to report* the dollar amount of scheduled contractual payments that are to be repaid in less than one year in this item even though the remaining maturity of the assets is one year or more provided all multipayment transactions are reported in this manner. (See general instructions for this schedule.)

- (2) Earning assets that have a floating or variable rate contract that permits the interest rate on the asset to change more often than once a year, i.e., has a repricing frequency of less than one year (even though the remaining maturity on the assets may be one year or more).

Note, however, bank holding companies whose records provide repricing data on the length of time between the report date and the date the rate can next change (i.e., by earliest repricing opportunity) *may continue to report* in this item the dollar amount of floating rate earning assets with an earliest repricing opportunity of less than one year, even though the repricing frequency is one year or more, provided all floating rate transactions are reported on this schedule in this manner. If a bank holding company chooses to report its floating rate earning assets by the earliest repricing opportunity, it should report in this item the dollar amount of the contractual payments on its multipayment floating rate earning assets that are scheduled to be repaid within one year even if the earliest repricing opportunity and the repricing frequency is one year or more. (See general instructions for this schedule.)

Included in this item, if the repricing frequency or remaining maturity are less than one year, are the following:

- (1) Leases, net of unearned income, as fixed rate instruments.

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## Schedule HC-H

Note, however, bank holding companies may continue to report the change in the book value of the lease payments that are to be repaid in less than one year, net of unearned income provided they are reporting on this schedule using the alternate procedure described in the general instructions to this schedule. Any estimated residual value included in the net book value should be reported if the final lease payment is scheduled to be made in less than one year.

- (2) All demand loans made solely on a demand basis (i.e., without an alternate maturity date or without repayment terms).
- (3) Demand loans that have an alternate maturity date or repayment terms, as fixed or floating rate instruments, on the basis of the alternate maturity date.
- (4) Credit cards and related plans with floating or adjustable rates (e.g., where the rate varies, or can vary, each billing cycle). Where the bank holding company in its contract with the borrower simply reserves the right to change the interest rate on a credit card or related plan, the plan should not be considered to have a floating or adjustable rate.  
  
Credit cards and related plans with fixed or predetermined rates are to be *excluded* from this item.
- (5) Amortizing fixed rate mortgage loans that implicitly permit rate adjustments by having the note mature at the end of an interval shorter than the term of the amortization schedule unless the holding company made no promise to refinance the loan, as a floating rate instrument.
- (6) Student loans whose interest rate is adjusted periodically by the U.S. government by means of interest payments that include an amount of “additional interest,” as floating rate instruments.
- (7) Loans secured by real estate that are held by the holding company or its subsidiaries for sale and delivery to the Federal National Mortgage Association or other secondary market participants under the terms of a binding commitment, on the basis of the delivery date specified in the commitment.
- (8) Floating rate loans on which the borrower has the option at each repricing date to choose the next repricing date, in accordance with the repricing option currently in effect as of the report date.

- (9) Debt securities, without regard to their call date *unless* the security has actually been called. When fixed rate debt securities have been called, they should be reported on the basis of the time remaining until the call date.
- (10) Mortgage pass-through certificates (such as those issued by the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), certain banks and savings and loan associations, and securities dealers) and all Small Business Administration (SBA) “Guaranteed Loan Pool Certificates.”
- (11) Fixed rate collateralized mortgage obligations (CMOs) and similar instruments on the basis of the time remaining until the stated final maturity of the instrument, not the projected final maturity or weighted average life of the instrument.
- (12) Debt securities that provide the consolidated bank holding company with the option to redeem them at one or more specified dates prior to their contractual maturity date, so-called “put bonds,” on the basis of earliest “put” date for bonds.
- (13) Zero coupon debt securities, as fixed rate debt securities.

### **Line Item 2 Interest-bearing deposit liabilities that reprice within one year or mature within one year.**

Report in this item all interest-bearing deposit liabilities that have a time remaining to maturity of less than one year and any other interest-bearing deposit liabilities that have a repricing frequency of less than one year (regardless of the remaining maturity), without regard to scheduled contractual payments on deposits with multiple maturities. The amount reported in this item should be included in Schedule HC, item 13(a)(2), “Interest-bearing deposits in domestic offices,” and item 13(b)(2), “Interest-bearing deposits in foreign offices, Edge and agreement subsidiaries, and IBFs.”

Do *not* report deposits in domestic offices classified as demand or savings accounts (including money market deposit accounts and all NOW accounts).

Note, however, bank holding companies choosing to continue to report their multi-maturity deposits on the basis of their scheduled contractual payments and their floating rate deposits by earliest repricing opportunity should report in this item the following:

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## Schedule HC-H

- (1) the dollar amount of floating or variable rate deposits that can be *repriced* in less than one year even if few, if any, of the contractual payments are scheduled to be repaid within one year. If the deposits have multiple maturities and have some contractual payments scheduled to be repaid within one year, but cannot be repriced for one year or more, include the dollar amount of the contractual payments to be repaid within one year. (See general instructions for this schedule.)
- (2) the dollar amount of the scheduled contractual payments that are to be repaid in less than one year if the deposits have fixed or predetermined rates. (See general instructions for this schedule.)

### **Line Item 3 Long-term debt with a remaining maturity of more than one year but reprices within one year included in items 16 and 19(a) on Schedule HC, Balance Sheet.**

Report debt issued by the consolidated bank holding company that has a remaining maturity of more than one year but that has a repricing frequency of less than a year.

Include as long-term debt the following:

- (1) Other borrowed money with a remaining maturity of more than one year reported in Schedule HC, item 16 (*excluding* mortgage indebtedness and obligations under capitalized leases reported on Schedule HC, item 16);
- (2) Mandatory convertible securities (included in Schedule HC, item 19(a)); and
- (3) Subordinated notes and debentures reported in Schedule HC, item 19(a) (*excluding* limited-life preferred stock and related surplus reported in Schedule HC, item 19(a)).

Note, however, bank holding companies choosing to continue to report their long-term debt that can be repaid in more than one payment on the basis of their scheduled contractual payments and their floating rate long-term debt by earliest repricing opportunity should report the following in this item:

- (1) the dollar amount of floating or variable rate long-term debt that can be *repriced* in less than one year even if few, if any, of the contractual payments are

scheduled to be repaid within one year. If the multi-payment debt has some contractual payments scheduled to be repaid within one year, but cannot be repriced for one year or more, include the dollar amount of the contractual payments to be repaid within one year. (See general instructions for this schedule.)

- (2) the dollar amount of the scheduled contractual payments that are to be repaid in less than one year if the long-term debt has fixed or predetermined rates. (See general instructions for this schedule.)

*Exclude* from this item commercial paper, demand notes issued to the U.S. Treasury, and other borrowings that had a remaining maturity of one year or less, mortgage indebtedness and obligations under capitalized leases with a remaining maturity of more than one year that is reported in Schedule HC, item 16, and limited-life preferred stock reported in Schedule HC, item 19(a).

### **Line Item 4 Variable rate preferred stock (includes both limited-life and perpetual preferred stock).**

Report the total amount outstanding of both limited-life (reported in Schedule HC, item 19(a)), and perpetual preferred stock that has a floating or adjustable rate (as defined above).

(See the Glossary entry for “preferred stock,” for a definition of limited-life or perpetual preferred stock.)

### **Line Item 5 Long-term debt reported in Schedule HC, item 19(a) on the Balance Sheet that is scheduled to mature within one year.**

Report all debt issued by the consolidated bank holding company and reported in Schedule HC, item 19(a), “Subordinated notes and debentures,” that is scheduled to mature within one year, regardless whether the debt has fixed or floating rates.

Include in this item the amount of such debt issued by the consolidated bank holding company that is redeemable at the option of the holder within one year, even when the debt is scheduled to mature in more than one year.

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## LINE ITEM INSTRUCTIONS FOR

# Insurance-Related Underwriting Activities (Including Reinsurance)

## Schedule HC-I

### General Instructions

Schedule HC-I, Insurance-Related Underwriting Activities (Including Reinsurance), must be submitted **by all bank 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 bank 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 bank 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 bank holding company. Include the net income of all legal entities that are considered to be an integral part of

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# Schedule HC-I

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

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## LINE ITEM INSTRUCTIONS FOR

# Quarterly Averages Schedule HC-K

### General Instructions

Report for the items on this schedule the average of the balances as of the close of business for each day for the calendar quarter or an average of the balances as of the close of business on each Wednesday during the calendar quarter. For days that the bank holding company (or any of its consolidated subsidiaries or branches) is closed (e.g., Saturdays, Sundays, or holidays), use the amount outstanding from the previous business day. An office is considered closed if there are no transactions posted to the general ledger as of that date.

Insurance SLHCs that are completing Schedule HC-K and do not calculate quarterly averages as prescribed by these instructions may calculate the quarterly averages utilizing an industry convention or may provide estimates on a best efforts basis utilizing one of the two quarterly average calculations prescribed in these instructions. Disclose the method used to calculate quarterly averages in the “Notes to the Balance Sheet - Other” section.

If the reporting bank holding company was the acquirer in a business combination accounted for under the acquisition method for which the acquisition date was during the calendar quarter, the quarterly averages for the bank holding company should include in the numerator:

- Dollar amounts for the reporting bank holding company for each day (or each Wednesday) from the beginning of the quarter until the acquisition date and
- Dollar amounts for the reporting bank holding company and the acquired business for each day (or each Wednesday) from the acquisition date through the end of the quarter

and should include in the denominator the number of days (or Wednesdays) in the entire quarter.

If the reporting bank holding company entered into a reorganization that became effective during the calendar

quarter and has been accounted for at historical cost in a manner similar to a pooling of interests, the quarterly averages for the bank holding company should include dollar amounts for both the reporting bank holding company and the business that was combined in the reorganization for each day (or each Wednesday) from the beginning to the end of the quarter in the numerator and the number of days (or Wednesdays) in the entire quarter in the denominator. For further information on business combinations and reorganizations, see the Glossary entry for “business combinations.”

If the bank holding company began operating during the calendar quarter, the quarterly averages for the bank holding company should include only the dollar amounts for the days (or Wednesdays) since the bank holding company began operating in the numerator and the number of days (or Wednesdays) since the bank holding company began operating in the denominator.

### Assets

#### Line Item 1 Securities.

##### **Line Item 1(a) U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities).**

Report the quarterly average of the amortized cost of the bank holding company’s held-to-maturity and available-for-sale U.S. Treasury and Government agency obligations (as defined for Schedule HC-B, items 1 and 2, columns A and C).

##### **Line Item 1(b) Mortgage-backed securities.**

Report the quarterly average of the amortized cost of the bank holding company’s held-to-maturity and available-for-sale mortgage-backed securities (as defined for Schedule HC-B, item 4, columns A and C).

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# Schedule HC-K

## **Line Item 1(c) All other securities.**

Report the quarterly average of the amortized cost of the bank holding company's held-to-maturity and available-for-sale securities issued by states and political subdivisions in the U.S., asset-backed securities and structured financial products, and other debt securities (as defined for Schedule HC-B, items 3, 5, and 6, columns A and C) plus the quarterly average of the historical cost of investments in mutual funds and other equity securities with readily determinable fair values (as defined for Schedule HC-B, item 7, column C).

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

Report the quarterly average for federal funds sold and securities purchased under agreements to resell (as defined in Schedule HC, item 3).

## **Line Item 3(a) Total loans and leases in domestic offices.**

Report the quarterly average for all loans and leases, net of unearned income, in domestic offices of the reporting bank holding company (as defined for Schedule HC-C, items 1 through 11, column B).

## **Line Item 3(a)(1) Loans secured by 1-4 family residential properties.**

Report the quarterly average for loans secured by 1-4 family residential properties (in domestic offices) (as defined for Schedule HC-C, item 1.c, column B).

Exclude "1-4 family residential construction loans" (in domestic offices) (as defined for Schedule HC-C, item 1.a.(1), column B).

## **Line Item 3(a)(2) All other loans secured by real estate.**

Report the quarterly average for all construction, land development, and other land loans; loans secured by farmland; loans secured by multifamily (5 or more) residential properties; and loans secured by nonfarm nonresidential properties (in domestic offices) (as defined for Schedule HC-C, items 1.a.(1), 1.a.(2), 1.b, 1.d, 1.e.(1), and 1.e.(2), column B).

Exclude loans "Secured by 1-4 family residential properties" (in domestic offices) (as defined for Schedule HC-C, items 1.c.(1), 1.c.(2)(a), and 1.c.(2)(b), column B).

## **Line Item 3(a)(3) Loans to finance agricultural production and other loans to farmers.**

Report the quarterly average for loans to finance agricultural production and other loans to farmers in domestic offices (as defined for Schedule HC-C, item 3, column B).

## **Line Item 3(a)(4) Commercial and industrial loans.**

Report the quarterly average for commercial and industrial loans (in domestic offices) (as defined for Schedule HC-C, item 4, column B).

## **Line Item 3(a)(5) Loans to individuals for household, family, and other personal expenditures.**

### **Line Item 3(a)(5)(a) Credit cards.**

Report the quarterly average for credit cards (in domestic offices) (as defined for Schedule HC-C, item 6(a)).

### **Line Item 3(a)(5)(b) Other.**

Report the quarterly average for all other loans (in domestic offices) to individuals for household, family, and other personal expenditures other than credit cards (as defined for Schedule HC-C, items 6(b), 6(c), and 6(d)).

## **Line Item 3(b) Total loans and leases in foreign offices, Edge and Agreement subsidiaries, and IBFs.**

Report the quarterly average for total loans and leases net of unearned income (as defined for Schedule HC-C, items 1 through 10, less item 11), held in the reporting bank holding company's foreign offices, Edge and Agreement subsidiaries, and IBFs.

## **Line Item 4(a) Trading assets.**

Report the quarterly average for the fully consolidated bank holding company for trading assets (as defined for Schedule HC, item 5). Trading assets include derivatives with positive fair values.

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## Schedule HC-K

### **Line Item 4(b) Other earning assets.**

Report the quarterly average for those other assets that the bank holding company considers earning assets.

### **Line Item 5 Total consolidated assets.**

Report the quarterly average for the fully consolidated bank holding company's total assets (as defined for Schedule HC, item 12, "Total assets"). When calculating the quarterly average total consolidated assets for purposes of this schedule, reflect all debt securities (not held for trading) at amortized cost, available-for-sale equity securities with readily determinable fair values at the lower of cost or fair value, and equity securities without readily determinable fair values at historical cost. In addition, to the extent that net deferred tax assets included in the bank holding company's total assets, if any, include the deferred tax effects of any unrealized holding gains and losses on available-for-sale debt securities, these deferred tax effects may be excluded from the determination of the quarterly average for total consolidated assets. If these deferred tax effects are excluded, this treatment must be followed consistently over time.

This item is not the sum of items 1 through 4(b).

## **Liabilities**

### **Line Item 6 Interest-bearing deposits (domestic).**

Report the quarterly average for all interest-bearing deposits held in domestic offices of depository institutions that are consolidated subsidiaries of the bank holding company or of its subsidiaries. Include all interest-bearing demand, time and savings deposits in domestic offices (as defined for Schedule HC-E, items 1(b) through 1(e) and items 2(b) through 2(e)).

### **Line Item 7 Interest-bearing deposits (foreign).**

Report the quarterly average for interest-bearing deposits in foreign offices of depository institutions that are consolidated subsidiaries of the reporting bank holding company, Edge and Agreement subsidiaries, and IBFs (as defined for Schedule HC, item 13(b)(2), "Interest-bearing").

### **Line Item 8 Federal funds purchased and securities sold under agreements to repurchase.**

Report the quarterly average for federal funds purchased and securities sold under agreements to repurchase (as defined in Schedule HC, item 14).

### **Line Item 9 All other borrowed money.**

Report the quarterly average for the fully consolidated bank holding company's other borrowed money (as defined for Schedule HC, item 16).

Included are commercial paper and all other borrowed money regardless of maturity.

### **Line Item 10 Not applicable.**

### **Line Item 11 Total equity capital (excludes limited-life preferred stock).**

Report the quarterly average for the fully consolidated bank holding company's total equity capital (as defined for Schedule HC, item 27(a)). For purposes of this schedule, include net unrealized losses on marketable equity securities, other net unrealized gains and losses on available-for-sale securities, and accumulated net gains (losses) on cash flow hedges when calculating average equity capital.

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LINE ITEM INSTRUCTIONS FOR

# Derivatives and Off-Balance-Sheet Items Schedule HC-L

## General Instructions

Report on a fully consolidated basis the following selected commitments, contingencies, and other off-balance sheet items. Exclude from this schedule contingencies arising in connection with litigation. For those asset-backed commercial paper program conduits that the reporting bank holding company consolidates onto its balance sheet (Schedule HC) in accordance with ASC Subtopic 810-10, Consolidation – Overall (formerly FASB Interpretation No. 46 (R), *Consolidation of Variable Interest Entities*, as amended by FASB Statement No. 167, *Amendments to FASB Interpretation No. 46(R)*), any credit enhancements and liquidity facilities the bank holding company provides to the programs should not be reported in Schedule HC-L. In contrast, for conduits that the reporting bank holding company does not consolidate, the bank holding company should report the credit enhancements and liquidity facilities it provides to the programs in the appropriate items of Schedule HC-L.

### Line Item 1 Unused commitments.

Report in the appropriate subitem the unused portions of commitments. Unused commitments are to be reported gross, i.e., include in the appropriate subitem the unused amount of commitments acquired from and conveyed or participated to others. However, exclude commitments conveyed or participated to others that the bank holding company is not legally obligated to fund even if the party to whom the commitment has been conveyed or participated fails to perform in accordance with the terms of the commitment.

For purposes of this item, commitments include:

- (1) Commitments to make or purchase extensions of credit in the form of loans or participations in loans, lease financing receivables, or similar transactions.

- (2) Commitments for which the bank holding company has charged a commitment fee or other consideration.
- (3) Commitments that are legally binding.
- (4) Loan proceeds that the bank holding company is obligated to advance, such as:
  - (a) Loan draws;
  - (b) Construction progress payments; and
  - (c) Seasonal or living advances to farmers under prearranged lines of credit.
- (5) Rotating, revolving, and open-end credit arrangements, including, but not limited to, retail credit card lines and home equity lines of credit.
- (6) Commitments to issue a commitment at some point in the future, where the bank holding company has extended terms, the borrower has accepted the offered terms, and the extension and acceptance of the terms:
  - (a) Are in writing, regardless of whether they are legally binding on the bank holding company and the borrower, or
  - (b) If not in writing, are legally binding on the bank holding company and the borrower,<sup>1</sup>  
  
even though the related loan agreement has not yet been signed and even if the commitment to issue a commitment is revocable, provided any revocation has not yet taken effect as of the report date.
- (7) Overdraft protection on depositors' accounts offered under a program where the bank holding company

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1. For example, either the extension or the acceptance of the terms or both are verbal, but they are nonetheless legally binding on both parties under applicable law.

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## Schedule HC-L

advises account holders of the available amount of overdraft protection, for example, when accounts are opened or on depositors' account statements or ATM receipts.

- (8) The bank holding company's own takedown in securities underwriting transactions.
- (9) Revolving underwriting facilities (RUFs), note issuance facilities (NIFs), and other similar arrangements, which are facilities under which a borrower can issue on a revolving basis short-term paper in its own name, but for which the underwriting bank holding company has a legally binding commitment either to purchase any notes the borrower is unable to sell by the rollover date or to advance funds to the borrower.

Exclude forward contracts and other commitments that meet the definition of a derivative and must be accounted for in accordance with ASC Topic 815, Derivatives and Hedging (formerly Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended), which should be reported in Schedule HC-L, item 13. Include the amount (not the fair value) of the unused portions of loan commitments that do not meet the definition of a derivative that the bank holding company has elected to report at fair value under a fair value option. Also include forward contracts that do not meet the definition of a derivative.

The unused portions of commitments are to be reported in the appropriate subitem regardless of whether they contain "material adverse change" clauses or other provisions that are intended to relieve the issuer of its funding obligations under certain conditions and regardless of whether they are unconditionally cancelable at any time.

In the case of commitments for syndicated loans, report only the bank holding company's proportional share of the commitment.

For purposes of reporting the unused portions of revolving asset-based lending commitments, the commitment is defined as the amount a bank holding company is obligated to fund — as of the report date — based on the contractually agreed upon terms. In the case of revolving asset-based lending, the unused portions of such commitments should be measured as the difference between (a) the lesser of the contractual borrowing base (i.e., eligible

collateral times the advance rate) or the note commitment limit, and (b) the sum of outstanding loans and letters of credit under the commitment. The note commitment limit is the overall maximum loan amount beyond which the bank holding company will not advance funds regardless of the amount of collateral posted. This definition of "commitment" is applicable only to revolving asset-based lending, which is a specialized form of secured lending in which a borrower uses current assets (e.g., accounts receivable and inventory) as collateral for a loan. The loan is structured so that the amount of credit is limited by the value of the collateral.

### **Line Item 1(a) Revolving, open-end loans secured by 1–4 family residential properties, e.g., home equity lines.**

Report the unused portion of commitments to extend credit under revolving, open-end lines of credit secured by 1 to 4 family residential properties. These lines, 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(b) Credit card lines.**

Report in the appropriate subitem the unused portions of all commitments to extend credit both to individuals for household, family, and other personal expenditures and to other customers, including commercial and industrial enterprises, through credit cards. Exclude home equity lines accessible through credit cards. Bank holding companies may report unused credit card lines as of the end of their customers' last monthly billing cycle prior to the report date or as of the report date.

### **Line Item 1(b)(1) Unused consumer credit card lines.**

Report the unused portions of all commitments to extend credit to individuals for household, family, and other personal expenditures through credit cards.

### **Line Item 1(b)(2) Other unused credit card lines.**

Report the unused portions of all commitments to extend credit to customers through credit cards for purposes other than household, family, and other personal expenditures. Include, for example, unused credit card lines under "corporate" or "business" credit card programs under which credit cards are issued to one or more of a company's employees for business-related uses.

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# Schedule HC-L

## **Line Item 1(c)(1) Commitments to fund commercial real estate, construction, and land development loans secured by real estate.**

Report in the appropriate subitem the unused portion of commitments to extend credit for the specific purpose of financing commercial and multifamily residential properties (e.g., business and industrial properties, hotels, motels, churches, hospitals, and apartment buildings), provided that such commitments, when funded, would be reportable as either loans secured by multifamily residential properties in Schedule HC-C, item 1(d), or loans secured by nonfarm nonresidential properties in Schedule HC-C, item 1(e).

Also include the unused portions of commitments to extend credit for the specific purpose of (a) financing land development (i.e., the process of improving land—laying sewers, water pipes, etc.) preparatory to erecting new structures or (b) the on-site construction of industrial, commercial, residential, or farm buildings, provided that such commitments, when funded, would be reportable as loans secured by real estate in Schedule HC-C, item 1(a). For this item, “construction” includes not only construction of new structures, but also additions or alterations to existing structures and the demolition of existing structures to make way for new structures. Also, include in this item loan proceeds the bank holding company is obligated to advance as construction progress payments.

Do not include general lines of credit that a borrower, at its option, may draw down to finance construction and land development. (Report this in item 1(c)(2) or 1(e) below, as appropriate).

The sum of items 1(c)(1)(a) and 1(c)(1)(b), below, must equal Schedule HC-L, item 1(c)(1).

## **Line Item 1(c)(1)(a) 1–4 family residential construction loan commitments.**

Report the unused portions of commitments to extend credit for the specific purpose of constructing 1–4 family residential properties, provided that such commitments, when funded, would be reportable as loans secured by real estate in Schedule HC-C, item 1(a)(1), “1–4 family residential construction loans.”

## **Line Item 1(c)(1)(b) Commercial real estate, other construction loan, and land development loan commitments.**

Report the unused portions of all other commitments to fund commercial real estate, construction, and land devel-

opment loans secured by real estate (as defined for Schedule HC-L, item 1(c)(1)) other than commitments to fund 1–4 family residential construction (as defined for Schedule HC-L, item 1(c)(1)(a)).

## **Line Item 1(c)(2) Commitments to fund commercial real estate, construction, and land development loans NOT secured by real estate.**

Report in this item the unused portions of all commitments to extend credit for the specific purpose of financing commercial and residential real estate activities, e.g., acquiring, developing and renovating commercial and residential real estate provided that such commitments, when funded, would be reportable as “Commercial and industrial loans” in Schedule HC-C, item 4, or as “All other loans” in Schedule HC-C, item 9(b)(2). Include in this item loan proceeds that the bank holding company or its consolidated subsidiaries are obligated to advance as construction progresses.

Such commitments generally may include:

- (1) commitments to extend credit for the express purpose of financing real estate ventures as evidenced by underlying commitment documentation or other circumstances connected with the commitment; or
- (2) commitments made to organizations or individuals 80 percent of whose revenue or assets are derived from or consist of real estate ventures or holdings.

Exclude any commitments that when funded would be reported in Schedule HC-C, item 1. Also exclude commitments made to commercial and industrial firms where the sole purpose for the financing is to construct a factory or office building to house the company’s operations or employees.

## **Line Item 1(d) Securities underwriting.**

Report the unsold portion of the reporting bank holding company’s own takedown in securities underwriting transactions. Include note issuance facilities (NIFs) and revolving underwriting facilities (RUFs) in this item.

## **Line Item 1(e) Other unused commitments.**

Report in the appropriate subitem the unused portion of all commercial and industrial loan commitments, commitments for loans to financial institutions, and all other commitments not reportable in Schedule HC-L, items 1(a) through 1(d), above. Include commitments to extend

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# Schedule HC-L

credit through overdraft facilities or commercial lines of credit, retail check credit and related plans, and those overdraft protection programs in which the bank holding company advises account holders of the available amount of protection.

## **Line Item 1(e)(1) Commercial and industrial loans.**

Report the unused portions of commitments to extend credit for commercial and industrial purposes, i.e., commitments that, when funded, would be reportable as commercial and industrial loans in Schedule HC-C, item 4, "Commercial and industrial loans." Exclude unused credit card lines to commercial and industrial enterprises (report in Schedule HC-L, item 1(b)(2), above).

## **Line Item 1(e)(2) Loans to financial institutions.**

Report the unused portions of commitments to extend credit to financial institutions, i.e., commitments that, when funded, would be reportable either as loans to depository institutions in Schedule HC-C, item 2, "Loans to depository institutions and acceptances of other banks," or as loans to nondepository financial institutions in Schedule HC-C, item 9(a), "Loans to nondepository financial institutions."

## **Line Item 1(e)(3) All other unused commitments.**

Report the unused portions of commitments not reportable in Schedule HC-L, items 1(a) through 1(e)(2), above.

Include commitments to extend credit secured by 1–4 family residential properties, except (a) revolving, open-end lines of credit secured by 1-4 family residential properties (e.g., home equity lines), which should be reported in Schedule HC-L, item 1(a), above, (b) commitments for 1–4 family residential construction and land development loans (that are secured by such properties), which should be reported in Schedule HC-L, item 1(c)(1), above, and (c) commitments that meet the definition of a derivative and must be accounted for in accordance with ASC Topic 815, *Derivatives and Hedging* (formerly FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended), which should be reported in Schedule HC-L, item 11.

## **Line Items 2 and 3 General Instructions for Standby Letters of Credit.**

Originating bank holding companies (or their subsidiaries) must report in items 2 and 3 the full amount outstanding and unused of financial and performance standby letters of credit, respectively. Include those standby letters of credit that are collateralized by cash on deposit, that have been acquired by others, and in which participations have been conveyed to others where (a) the originating and issuing bank holding company is obligated to pay the full amount of any draft drawn under the terms of the standby letter of credit and (b) the participating institutions have an obligation to partially or wholly reimburse the originating bank holding company, either directly in cash or through a participation in a loan to the account party.

For syndicated standby letters of credit where each bank holding company has a direct obligation to the beneficiary, each institution must report only its share in the syndication. Similarly, if several organizations participate in the issuance of a standby letter of credit under a bona fide binding agreement that provides that (a) regardless of any event, each participant shall be liable only up to a certain percentage or to a certain amount and (b) the beneficiary is advised and has agreed that each participating organization is only liable for a certain portion of the entire amount, each bank holding company shall report only its proportional share of the total standby letter of credit.

For a financial or performance standby letter of credit that is in turn backed by a financial standby letter of credit issued by another institution, each bank holding company must report the entire amount of the standby letter of credit it has issued in either item 2 or 3 below, as appropriate. The amount of the reporting bank holding company's financial or performance standby letter of credit that is backed by the other institution's financial standby letter of credit must be included in either item 2(a) or 3(a) as appropriate, since the backing of standby letters of credit has substantially the same effect as the conveying of participations in standby letters of credit.

Also, include all financial and performance guarantees issued by foreign offices of the reporting bank holding company pursuant to Section 211.4(a)(1) of Federal Reserve Regulation K or Section 347.3(c)(1) of the FDIC Rules and Regulations.

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# Schedule HC-L

## **Line Item 2 Financial standby letters of credit and foreign office guarantees.**

Report the amount outstanding and unused as of the report date of all financial standby letters of credit (and all legally binding commitments to issue financial standby letters of credit) issued by any office of the bank holding company or its consolidated subsidiaries. A financial standby letter of credit irrevocably obligates the bank holding company to pay a third-party beneficiary when a customer (account party) fails to repay an outstanding loan or debt instrument. (See the Glossary entry for “letter of credit” for further information).

Exclude from financial standby letters of credit the following:

- (1) Financial standby letters of credit where the beneficiary is a consolidated subsidiary of the bank holding company.
- (2) Performance standby letters of credit.
- (3) Signature or endorsement guarantees of the type associated with the clearing of negotiable instruments or securities in the normal course of business.

*Item 2(a) is to be completed by bank holding companies with \$1 billion or more in total assets.<sup>2</sup>*

## **Line Item 2(a) Amount of financial standby letters of credit conveyed to others.**

Report that portion of the consolidated bank holding company’s total contingent liability for financial standby letters of credit reported in item 2 that the holding company has conveyed to others. Also, include that portion of the reporting bank holding company’s financial standby letters of credit that are backed by other organizations’ financial standby letters of credit, as well as the portion that participating bank holding companies have reparticipated to others. Participations and backings may be for any part or all of a given obligation.

## **Line Item 3 Performance standby letters of credit and foreign office guarantees.**

Report the amount outstanding and unused as of the report date of all performance standby letters of credit

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2. This asset size test is determined based on the total assets reported in the previous year’s June 30 FR Y-9C report. Once a bank holding company surpasses the \$1 billion total asset threshold, it must continue to report this item regardless of subsequent changes in its total assets.

(and all legally binding commitments to issue performance standby letters of credit) issued by any office of the bank holding company or its consolidated subsidiaries. A performance standby letter of credit irrevocably obligates the bank holding company to pay a third-party beneficiary when a customer (account party) fails to perform some contractual non-financial obligation. (See the Glossary entry for “letter of credit” for further information).

Exclude from performance standby letters of credit the following:

- (1) Performance standby letters of credit where the beneficiary is a consolidated subsidiary of the bank holding company.
- (2) Financial standby letters of credit.
- (3) Signature or endorsement guarantees of the type associated with the clearing of negotiable instruments or securities in the normal course of business.

*Item 3(a) is to be completed by bank holding companies with \$1 billion or more in total assets.<sup>1</sup>*

## **Line Item 3(a) Amount of performance standby letters of credit conveyed to others.**

Report that portion of the consolidated bank holding company’s total contingent liability for performance standby letters of credit reported in item 3 that the holding company has conveyed to others. Also, include that portion of the reporting bank holding company’s performance standby letters of credit that are backed by other organizations’ financial standby letters of credit, as well as the portion that participating bank holding companies have reparticipated to others. Participations and backings may be for any part or all of a given obligation.

## **Line Item 4 Commercial and similar letters of credit.**

Report the amount outstanding and unused as of the report date of issued or confirmed commercial letters of credit, travelers’ letters of credit not issued for money or its equivalent, and all similar letters of credit, but excluding standby letters of credit (which are to be reported in item 2 and 3 above). (See the Glossary entry for “letter of credit.”) Legally binding commitments to issue commercial letters of credit are to be reported in this item.

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Travelers' letters of credit or other letters of credit issued for money or its equivalent by the reporting bank holding company or its agents should be reported as demand deposit liabilities in Schedule HC-E.

### **Line Item 5 Not applicable.**

### **Line Item 6 Securities lent.**

Report the appropriate amount of all securities lent against collateral or on an uncollateralized basis. Report the book value of bank holding company-owned securities that have been lent. In addition, for customers who have been indemnified against any losses by the reporting bank holding company or its consolidated subsidiaries, report the market value as of the report date of such customers' securities, including customers' securities held in the reporting bank holding company's trust department, that have been lent. If the reporting bank holding company or its consolidated subsidiaries have indemnified their customers against any losses on their securities that have been lent by the company or its subsidiaries, the commitment to indemnify—either through a standby letter of credit or other means—should not be reported in any other item on Schedule HC-L.

### **Line Item 7 Credit derivatives.**

In general, credit derivatives are arrangements that allow one party (the "protection purchaser" or "beneficiary") to transfer the credit risk of a "reference asset" or "reference entity" to another party (the "protection seller" or "guarantor"). Report the notional amounts of credit derivatives by type of instrument in Schedule HC-L, items 7(a)(1) through 7(a)(4). Report the gross positive and negative fair values of all credit derivatives in Schedule HC-L, items 7(b)(1) and 7(b)(2). For both the notional amounts and gross fair values, report credit derivatives for which the bank holding company is the protection seller in column A, "Sold Protection," and those on which the bank holding company is the protection purchaser in column B, "Purchased Protection." Report the notional amounts of credit derivatives by regulatory capital treatment in Schedule HC-L, items 7(c)(1)(a) through 7(c)(2)(c). Report the notional amounts of credit derivatives by remaining maturity in Schedule HC-L, items 7(d)(1)(a) through 7(d)(2)(b).

All credit derivative transactions within the consolidated bank holding company should be reported on a net basis, i.e., intrabank transactions should not be reported in this

item. No other netting of contracts is permitted for purposes of this item. Therefore, do not net the notional amounts or fair values of: (1) credit derivatives with third parties on which the reporting bank holding company is the protection purchaser against credit derivatives with third parties on which the reporting bank holding company is the protection seller, or (2) contracts subject to bilateral netting agreements. The notional amounts of credit derivatives should not be included in Schedule HC-L, items 11 through 13, and the fair values of credit derivatives should not be included in Schedule HC-L, item 14.

### **Line Item 7(a) Notional amounts.**

Report in the appropriate subitem and column the notional amount (stated in U.S. dollars) of all credit derivatives. For tranching credit derivative transactions that relate to an index, e.g., the Dow Jones CDX NA index, report as the notional amount the dollar amount of the tranche upon which the reporting bank holding company's credit derivative cash flows are based.

### **Line Item 7(a)(1) Credit default swaps.**

Report in the appropriate column the notional amount of all credit default swaps. A credit default swap is a contract in which a protection seller or guarantor (risk taker), for a fee, agrees to reimburse a protection purchaser or beneficiary (risk hedger) for any losses that occur due to a credit event on a particular entity, called the "reference entity." If there is no credit default event (as defined by the derivative contract), then the protection seller makes no payments to the protection purchaser and receives only the contractually specified fee. Under standard industry definitions, a credit event is normally defined to include bankruptcy, failure to pay, and restructuring. Other potential credit events include obligation acceleration, obligation default, and repudiation/moratorium.

### **Line Item 7(a)(2) Total return swaps.**

Report in the appropriate column the notional amount of all total return swaps. A total return swap transfers the total economic performance of a reference asset, which includes all associated cash flows, as well as capital appreciation or depreciation. The protection purchaser (beneficiary) receives a floating rate of interest and any depreciation on the reference asset from the protection seller. The protection seller (guarantor) has the opposite

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profile. The protection seller receives cash flows on the reference asset, plus any appreciation, and it pays any depreciation to the protection purchaser, plus a floating interest rate. A total return swap may terminate upon a default of the reference asset.

### **Line Item 7(a)(3) Credit options.**

Report in the appropriate column the notional amount of all credit options. A credit option is a structure that allows investors to trade or hedge changes in the credit quality of the reference asset. For example, in a credit spread option, the option writer (protection seller or guarantor) assumes the obligation to purchase or sell the reference asset at a specified “strike” spread level. The option purchaser (protection purchaser or beneficiary) buys the right to sell the reference asset to, or purchase it from, the option writer at the strike spread level.

### **Line Item 7(a)(4) Other credit derivatives.**

Report in the appropriate column the notional amount of all other credit derivatives. Other credit derivatives consist of any credit derivatives not reportable as a credit default swap, a total return swap, or a credit option. Credit linked notes are cash securities and should not be reported as other credit derivatives.

### **Line Item 7(b) Gross fair values.**

Report in the appropriate subitem and column the gross fair values of all credit derivatives. As defined in ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, *Fair Value Measurements*), fair value for an asset or liability is the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants (not a forced liquidation or distressed sale) in the asset’s or liability’s principal (or most advantageous) market at the measurement date. For further information, see the Glossary entry for “fair value.” For purposes of this item, the reporting bank holding company should determine the fair value of its credit derivative contracts in the same manner that it determines the fair value of these contracts for other financial reporting purposes.

### **Line Item 7(b)(1) Gross positive fair value.**

Report in the appropriate column the total fair value of those credit derivatives reported in Schedule HC-L, items 7(a)(1) through 7(a)(4), above, with positive fair values.

### **Line Item 7(b)(2) Gross negative fair value.**

Report in the appropriate column the total fair value of those credit derivatives reported in Schedule HC-L, items 7(a)(1) through 7(a)(4), above, with negative fair values. Report the total fair value as an absolute value; do not enclose the total fair value in parentheses or use a minus (-) sign.

### **Line Item 7(c) Notional amount of all credit derivatives by regulatory capital treatment.**

Report in the appropriate subitem the notional amount of all credit derivative contracts according to the reporting bank holding company’s treatment of the derivative for regulatory capital purposes. Because each subitem under item 7(c) is mutually exclusive, each credit derivative contract should be reported in only one subitem.

Savings and loan holding companies should leave this item blank.

### **Line Item 7(c)(1) Positions covered under the Market Risk Rule.**

For bank holding companies subject to the Market Risk Rule, report in the appropriate subitem the notional amount of covered positions.

#### **Line Item 7(c)(1)(a) Sold protection.**

For those credit derivatives that are covered positions under the Market Risk Rule, report the notional amount of credit derivative contracts where the bank holding company is the protection seller (guarantor).

#### **Line Item 7(c)(1)(b) Purchased protection.**

For those credit derivatives that are covered positions under the Market Risk Rule, report the notional amount of credit derivative contracts where the bank holding company is the protection purchaser (beneficiary).

### **Line Item 7(c)(2) All other positions:**

#### **Line Item 7(c)(2)(a) Sold protection.**

Report the notional amount of credit derivative contracts that are not covered positions under the Market Risk Rule where the reporting bank holding company is the protection seller (guarantor).

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### **Line Item 7(c)(2)(b) Purchased protection that is recognized as a guarantee for regulatory capital purposes.**

Report the notional amount of credit derivative contracts that are not covered positions under the Market Risk Rule where the bank holding company is the protection purchaser (beneficiary) and the protection is recognized as a guarantee for regulatory capital purposes. The credit derivative contracts to be reported in this item are limited to those providing purchased protection where an underlying position (usually an asset of the bank holding company) is being hedged by the protection and credit derivative contract meets the criteria for recognition as a guarantee under the Federal Reserve's regulatory capital standards.

### **Line Item 7(c)(2)(c) Purchased protection that is not recognized as a guarantee for regulatory capital purposes.**

Report the notional amount of credit derivative contracts that are not covered positions under the Market Risk Rule where the bank holding company is the protection purchaser (beneficiary) and the protection is not recognized as a guarantee for regulatory capital purposes. The credit derivative contracts to be reported in this item are limited to those providing purchased protection where the protection is not being used to hedge an underlying position or where the "hedging" credit derivative contract does not meet the criteria for recognition as a guarantee under the Federal Reserve's regulatory capital standards. These "naked" purchased protection positions sometimes arise when a bank holding company has sold the asset that was being hedged by the credit derivative contract while retaining the credit derivative contract.

### **Line Item 7(d) Notional amounts by remaining maturity.**

Report in the appropriate subitem and column the notional amount of all credit derivative contracts by remaining maturity. Report notional amounts in the column corresponding to the contract's remaining term to maturity from the report date. Remaining maturities are to be reported as (1) one year or less in column A, (2) over one year through five years in column B, or (3) over five years in column C.

### **Line Item 7(d)(1) Sold credit protection.**

Report the notional amount of all credit derivative contracts where the bank holding company is the protection seller (guarantor).

### **Line Item 7(d)(1)(a) Investment grade.**

Report the remaining maturities of credit derivative contracts where the underlying reference asset is rated investment grade or, if not rated, is the equivalent of investment grade under the bank holding company's internal credit rating system.

### **Line Item 7(d)(1)(b) Subinvestment grade.**

Report the remaining maturities of credit derivative contracts where the underlying reference asset is rated below investment grade, i.e., subinvestment grade, or, if not rated, is the equivalent of below investment grade under the bank holding company's internal credit rating system.

### **Line Item 7(d)(2) Purchased credit protection.**

Report the notional amount of all credit derivative contracts where the bank holding company is the protection purchaser (beneficiary).

### **Line Item 7(d)(2)(a) Investment grade.**

Report the remaining maturities of credit derivative contracts where the underlying reference asset is rated investment grade or, if not rated, is the equivalent of investment grade under the bank holding company's internal credit rating system.

### **Line Item 7(d)(2)(b) Subinvestment grade.**

Report the remaining maturities of credit derivative contracts where the underlying reference asset is rated below investment grade, i.e., subinvestment grade, or, if not rated, is the equivalent of below investment grade under the bank holding company's internal credit rating system.

### **Line Item 8 Spot foreign exchange contracts.**

Report the gross amount (stated in U.S. dollars) of all spot contracts committing the reporting bank holding company to purchase foreign (non-U.S.) currencies and U.S. dollar exchange that are outstanding as of the report date. All transactions within the bank holding company should be reported on a consolidated basis.

A spot contract is an agreement for the immediate delivery, usually within two business days or less (depending on market convention), of a foreign currency at the prevailing cash market rate. Contracts where market

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## Schedule HC-L

convention is for delivery of a foreign currency in less than two days, e.g., T+1 day (for example, Canadian dollar-U.S. dollar contracts), should be reported as spot contracts. Any contract exceeding the market convention should be reported as a foreign exchange forward contract in Schedule HC-L, item 11(b), column B. Spot contracts are considered outstanding (i.e., open) until they have been cancelled by acquisition or delivery of the underlying currencies.

Only one side of a spot foreign exchange contract is to be reported. In those transactions where foreign (non-U.S.) currencies are bought or sold against U.S. dollars, report only that side of the transaction that involves the foreign (non-U.S.) currency. For example, if the reporting bank holding company enters into a spot contract which obligates the bank holding company to purchase U.S. dollar exchange against which it sells Japanese yen, then the bank holding company would report (in U.S. dollar equivalent values) the amount of Japanese yen sold in this item. In cross-currency spot foreign exchange transactions, which involve the purchase and sale of two non-U.S. currencies, only the purchase side is to be reported (in U.S. dollar equivalent values).

### **Line Item 9 All other off-balance-sheet items (exclude derivatives).**

With the exceptions listed below, report all significant types of off-balance-sheet items not covered in other items of this schedule. Exclude off-balance-sheet derivative contracts that are reported elsewhere in Schedule HC-L.

Report only the aggregate amount of those types of “other off-balance sheet items” that individually exceed 10 percent of the total equity capital reported in Schedule HC, item 27(a). If the bank holding company has no types of “other off-balance sheet items” that individually exceed 10 percent of total equity capital, report a zero.

Disclose in items 9(a) through 9(g) each type of “other off-balance sheet items” reportable in this item, and the dollar amount of the off-balance sheet item, that individually exceeds 25 percent of the total equity capital reported in Schedule HC, item 27(a). For each type of off-balance sheet item that exceeds this disclosure threshold for which a preprinted caption has not been provided, describe the item with a clear but concise caption in items 9(d) through 9(g). These descriptions should not

exceed 50 characters in length (including spacing between words).

Include the following as other off-balance-sheet items:

- (1) Securities borrowed against collateral (other than cash), or on an uncollateralized basis, for such purposes as a pledge against deposit liabilities or delivery against short sales. Report borrowed securities that are fully collateralized by similar securities of equivalent value at market value at the time they were borrowed. For other borrowed securities, report their market value as of the report date. (Report the amount of securities borrowed in Schedule HC-L, item 9(a), if this amount exceeds 25 percent of total equity capital reported in Schedule HC, item 27(a).)
- (2) Contracts for the purchase and sale of when-issued securities that are excluded from the requirements of ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended) (and therefore not reported as forward contracts in Schedule HC-L, item 11(b), below), and accounted for on a settlement-date basis. (Report the amount of these commitments in Schedule HC-L, item 9(b) or item 9(c), if this amount exceeds 25 percent of total equity capital reported in Schedule HC, item 27(a).)
- (3) Standby letters of credit issued by a Federal Home Loan Bank on behalf of the reporting bank holding company or its subsidiaries, which is the account party on the letters of credit and therefore obligated to reimburse the issuing Federal Home Loan Bank for all payments made under the standby letters of credit.
- (4) Financial guarantee insurance that insures the timely payment of principal and interest on bond issues.
- (5) Letters of indemnity other than those issued in connection with the replacement of lost or stolen official checks.
- (6) Shipperside or docksideside guarantees or similar guarantees relating to missing bills of lading or title documents and other document guarantees that facilitate the replacement of lost or destroyed documents and negotiable instruments.

Exclude the following from other off-balance-sheet items:

- (1) All items that are required to be reported on the balance sheet of the Consolidated Financial Statements for Bank Holding Companies, such as repurchase and resale agreements.

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## Schedule HC-L

- (2) Commitments to purchase property being acquired for lease to others (report in item 1 above).
- (3) Contingent liabilities arising in connection with litigation in which the reporting bank holding company is involved.
- (4) Signature or endorsement guarantees of the type associated with the regular clearing of negotiable instruments or securities in the normal course of business.

**Line Item 10 Not applicable.**

**Line Item 11 Gross amounts (e.g., notional amounts) of derivatives contracts.**

Report in the appropriate column and subitem the gross par value (stated in U.S. dollars) (e.g., futures, forwards, and option contracts) or the notional amount (stated in U.S. dollars) (e.g., forward rate agreements and swaps), as appropriate, of all contracts that meet the definition of a derivative and must be accounted for in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended). Include both freestanding derivative contracts and embedded derivatives that must be accounted for separately from their host contract under ASC Topic 815. Report each contract according to its underlying risk exposure: interest rate, foreign exchange, equity, and commodity and other. Contracts with multiple risk characteristics should be classified based upon the predominant risk characteristics at the origination of the derivative. However, exclude from Schedule HC-L, items 11 through 14, all credit derivatives, which should be reported in Schedule HC-L, item 7 above.

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

All transactions within the bank holding company should be reported on a consolidated basis (i.e., intercompany transactions should be eliminated). No other netting of contracts is permitted for purposes of this item. Therefore, do not net: (1) obligations of the reporting bank

holding company to purchase from third parties against the bank holding company's obligations to sell to third parties, (2) written options against purchased options, or (3) contracts subject to bilateral netting agreements.

For each column, the sum of Schedule HC-L, items 11(a) through 11(e) must equal the sum of Schedule HC-L, items 12 and 13.

### Column Instructions

#### Column A Interest Rate Contracts

Interest rate contracts are 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). These contracts are generally used to adjust the bank holding company's interest rate exposure or, if the bank holding company is an intermediary, the interest rate exposure of others. 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 contracts involving the exchange of one or more foreign currencies (e.g., cross-currency swaps and currency options) and other contracts whose predominant risk characteristic is foreign exchange risk, which are to be reported in column B as foreign exchange contracts.

Unsettled securities transactions that exceed regular way settlement time limit that is customary in each relevant market must be reported as forward contracts in Schedule HC-L, item 11(b).

#### Column B Foreign Exchange Contracts

Foreign exchange contracts are 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 contracts include cross-currency interest rate swaps where there is an exchange of principal, forward foreign exchange contracts (usually settling three or more business days from trade date), and currency futures and currency options. Exclude spot foreign exchange contracts which are to be reported in Schedule HC-L, item 8.

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Only one side of a foreign currency transaction is to be reported. In those transactions where foreign (non-U.S.) currencies are bought or sold against U.S. dollars, report only that side of the transaction that involves the foreign (non-U.S.) currency. For example, if the reporting bank holding company enters into a futures contract which obligates the bank holding company to purchase U.S. dollar exchange against which it sells Japanese yen, then the bank holding company would report (in U.S. dollar equivalent values) the amount of Japanese yen sold in Schedule HC-L, item 11(a). In cross-currency transactions, which involve the purchase and sale of two non-U.S. currencies, only the purchase side is to be reported.

All amounts in column B are to be reported in U.S. dollar equivalent values.

## Column C 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.

The contract amount to be reported for equity derivative contracts is the quantity, e.g., number of units, of the equity instrument or equity index contracted for purchase or sale multiplied by the contract price of a unit.

## Column D Commodity and Other Contracts

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. Commodity and other contracts also include any other contracts that are not reportable as interest rate, foreign exchange, or equity derivative contracts.

The contract amount to be reported for commodity and other contracts is the quantity, e.g., number of units, of the commodity or product contracted for purchase or sale multiplied by the contract price of a unit.

The notional amount to be reported for commodity contracts with multiple exchanges of principal is the contractual amount multiplied by the number of remaining payments (i.e., exchanges of principal) in the contract.

## Line Item Instructions

### Line Item 11(a) Futures contracts.

Futures contracts represent agreements for delayed delivery of financial instruments or commodities in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified instrument at a specified price or yield. Futures contracts are standardized and are traded on organized exchanges that act as the counterparty to each contract.

Report, in the appropriate column, the aggregate par value of futures contracts that have been entered into by the reporting bank holding company and are outstanding (i.e., open contracts) as of the report date. Do not report the par value of financial instruments intended to be delivered under such contracts if this par value differs from the par value of the contracts themselves.

Contracts are outstanding (i.e., open) until they have been cancelled by acquisition or delivery of the underlying financial instruments or by offset. Offset is the liquidating of a purchase of futures through the sale of an equal number of contracts of the same delivery month on the same underlying instrument, or the covering of a short sale of futures through the purchase of an equal number of contracts of the same delivery month on the same underlying instrument on the same exchange.

**Column A, Interest Rate Futures.** Report futures contracts committing the reporting bank holding company to purchase or sell financial instruments and whose predominant risk characteristic is interest rate risk. Some of the more common interest rate futures include futures on 90-day U.S. Treasury bills; 12-year GNMA pass-through securities; and 2-, 4-, 6-, and 10-year U.S. Treasury notes.

**Column B, Foreign Exchange Futures.** Report the gross amount (stated in U.S. dollars) of all futures contracts committing the reporting bank holding company to purchase foreign (non-U.S.) currencies and U.S. dollar exchange and whose predominant risk characteristic is foreign exchange risk.

A currency futures contract is a standardized agreement for delayed delivery of a foreign (non-U.S.) currency or U.S. dollar exchange in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified amount at a specified exchange rate.

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**Column C, Equity Derivative Futures.** Report futures contracts committing the reporting bank holding company to purchase or sell equity securities or instruments based on equity indexes such as the Standard and Poor's 500, or the Nikkei.

**Column D, Commodity and Other Futures.** Report the contract amount for all futures contracts committing the reporting bank holding company to purchase or sell commodities such as agricultural products (e.g., wheat, coffee), precious metals (e.g., gold, platinum), and non-ferrous metals (e.g., copper, zinc). Include any other futures contract that is not reportable as an interest rate, foreign exchange, or equity derivative contract in column A, B, or C.

### **Line Item 11(b) Forward contracts.**

Forward contracts represent agreements for delayed delivery of financial instruments or commodities in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified instrument or commodity at a specified price or yield. Forward contracts are not traded on organized exchanges and their contractual terms are not standardized.

Report the notional value of forward contracts that have been entered into by the reporting bank holding company and are outstanding (i.e., open contracts) as of the report date. Do not report financial instruments intended to be delivered under such contracts if this notional value differs from the notional value of the contracts themselves.

Contracts are outstanding (i.e., open) until they have been cancelled by acquisition or delivery of the underlying financial instruments or settled in cash. Such contracts can only be terminated, other than by receipt of the underlying asset, by agreement of both buyer and seller.

Include as forward contracts in this item contracts for the purchase and sale of when-issued securities that are not excluded from the requirements of ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended). Report contracts for the purchase and sale of when-issued securities that are excluded from the requirements of ASC Topic 815, as amended, and accounted for on a settlement-date basis as "Other off-balance-sheet items" in Schedule HC-L, item 9, subject to the existing reporting threshold for this item.

**Column A, Interest Rate Forwards.** Report forward contracts committing the reporting bank holding company to purchase or sell financial instruments and whose predominant risk characteristic is interest rate risk. Include in this item firm commitments (i.e., commitments that have a specific interest rate, selling date, and dollar amount) to sell loans secured by 1-to-4 family residential properties that meet the definition of a derivative contract under ASC Topic 815.

**Column B, Foreign Exchange Forwards.** Report the gross amount (stated in U.S. dollars) of all forward contracts committing the reporting bank holding company to purchase foreign (non-U.S.) currencies and U.S. dollar exchange and whose predominant risk characteristic is foreign exchange risk.

A forward foreign exchange contract is an agreement for delayed delivery of a foreign (non-U.S.) currency or U.S. dollar exchange in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified amount at a specified exchange rate.

**Column C, Equity Derivative Forwards.** Report forward contracts committing the reporting bank holding company to purchase or sell equity instruments.

**Column D, Commodity and Other Forwards.** Report the contract amount for all forward contracts committing the reporting bank holding company to purchase or sell commodities such as agricultural products (e.g., wheat, coffee), precious metals (e.g., gold, platinum), and non-ferrous metals (e.g., copper, zinc). Include any other forward contract that is not reportable as an interest rate, foreign exchange, or equity derivative contract in column A, B, or C.

### **Line Item 11(c) Exchange-traded option contracts.**

Option contracts convey either the right or the obligation, depending upon whether the reporting bank holding company is the purchaser or the writer, respectively, to buy or sell a financial instrument or commodity at a specified price by a specified future date. Some options are traded on organized exchanges.

The buyer of an option contract has, for compensation (such as a fee or premium), acquired the right (or option) to sell to, or purchase from, another party some financial instrument or commodity at a stated price on a specified future date. The seller of the contract has, for such compensation, become obligated to purchase or sell the

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financial instrument or commodity at the option of the buyer of the contract. A put option contract obligates the seller of the contract to purchase some financial instrument or commodity at the option of the buyer of the contract. A call option contract obligates the seller of the contract to sell some financial instrument or commodity at the option of the buyer of the contract.

### **Line Item 11(c)(1) Written options.**

Report in this item the aggregate par value of the financial instruments or commodities that the reporting bank holding company has, for compensation (such as a fee or premium), obligated itself to either purchase or sell under exchange-traded option contracts that are outstanding as of the report date.

**Column A, Written Exchange-Traded Interest Rate Options.** For exchange-traded option contracts obligating the reporting bank holding company to either purchase or sell an interest rate futures contract and whose predominant risk characteristic is interest rate risk, report the par value of the financial instrument underlying the futures contract. An example of such a contract is a Chicago Board Options Exchange option on the 13-week Treasury bill rate.

**Column B, Written Exchange-Traded Foreign Exchange Options.** Report in this item the gross amount (stated in U.S. dollars) of foreign (non-U.S.) currency and U.S. dollar exchange that the reporting bank holding company has, for compensation, obligated itself to either purchase or sell under exchange-traded option contracts whose predominant risk characteristic is foreign exchange risk. In the case of option contracts obligating the reporting bank holding company to either purchase or sell a foreign exchange futures contract, report the gross amount (stated in U.S. dollars) of the foreign (non-U.S.) currency underlying the futures contract. Exchange-traded options on major currencies such as the Japanese Yen and British Pound Sterling and options on futures contracts of major currencies are examples of such contracts.

**Column C, Written Exchange-Traded Equity Derivative Options.** Report the contract amount for those exchange-traded option contracts where the reporting bank holding company has obligated itself, for compensation, to purchase or sell an equity instrument or equity index.

**Column D, Written Commodity and Other Exchange-Traded Options.** Report the contract amount for those exchange-traded option contracts where the reporting bank holding company has obligated itself, for compensation, to purchase or sell a commodity or product. Include any other written, exchange-traded option that is not reportable as an interest rate, foreign exchange, or equity derivative contract in columns A, B, or C.

### **Line Item 11(c)(2) Purchased options.**

Report in this item the aggregate par value of the financial instruments or commodities that the reporting bank holding company has, for a fee or premium, purchased the right to either purchase or sell under exchange-traded option contracts that are outstanding as of the report date.

**Column A, Purchased Exchange-Traded Interest Rate Options.** For exchange-traded option contracts giving the reporting bank holding company the right to either purchase or sell an interest rate futures contract and whose predominant risk characteristic is interest rate risk, report the par value of the financial instrument underlying the futures contract. An example of such a contract is a Chicago Board Options Exchange option on the 13-week Treasury bill rate.

**Column B, Purchased Exchange-Traded Foreign Exchange Options.** Report in this item the gross amount (stated in U.S. dollars) of foreign (non-U.S.) currency and U.S. dollar exchange that the reporting bank holding company has, for a fee, purchased the right to either purchase or sell under exchange-traded option contracts whose predominant risk characteristic is foreign exchange risk. In the case of option contracts giving the reporting bank holding company the right to either purchase or sell a currency futures contract, report the gross amount (stated in U.S. dollars) of the foreign (non-U.S.) currency underlying the futures contract. Exchange-traded options on major currencies such as the Japanese Yen and British Pound Sterling and options on futures contracts of major currencies are examples of such contracts.

**Column C, Purchased Exchange-Traded Equity Derivative Options.** Report the contract amount of those exchange-traded option contracts where the reporting bank holding company has, for a fee, purchased the right to purchase or sell an equity instrument or equity index.

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**Column D, Purchased Commodity and Other Exchange-Traded Options.** Report the contract amount for those exchange-traded option contracts where the reporting bank holding company has, for a fee, or premium, purchased the right to purchase or sell a commodity or product. Include any other purchased, exchange-traded option that is not reportable as an interest rate, foreign exchange, or equity derivative contract in column A, B, or C.

### **Line Item 11(d) Over-the-counter option contracts.**

Option contracts convey either the right or the obligation, depending upon whether the reporting bank holding company is the purchaser or the writer, respectively, to buy or sell a financial instrument or commodity at a specified price by a specified future date. Options can be written to meet the specialized needs of the counterparties to the transaction. These customized option contracts are known as over-the-counter (OTC) options. Thus, over-the-counter option contracts include all option contracts not traded on an organized exchange.

The buyer of an option contract has, for compensation (such as a fee or premium), acquired the right (or option) to sell to, or purchase from, another party some financial instrument or commodity at a stated price on a specified future date. The seller of the contract has, for such compensation, become obligated to purchase or sell the financial instrument or commodity at the option of the buyer of the contract. A put option contract obligates the seller of the contract to purchase some financial instrument or commodity at the option of the buyer of the contract. A call option contract obligates the seller of the contract to sell some financial instrument or commodity at the option of the buyer of the contract.

In addition, swaptions, i.e., options to enter into a swap-contract, and contracts known as caps, floors, collars, and corridors<sup>3</sup> should be reported as options.

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3. A cap is a contract under which the purchaser has, for compensation (such as a fee or premium), acquired the right to receive a payment from the seller if a specified index rate, e.g., LIBOR, rises above a designated strike rate. Payments are based on the principal amount or notional amount of the cap, although no exchange of principal takes place. A floor is similar to a cap except that the purchaser has, for compensation (such as a fee or premium), acquired the right to receive a payment from the seller if the specified index rate falls below the strike rate. A collar is the simultaneous purchase of a cap (with a strike rate at one index rate) and sale of a floor (with a strike rate at a lower index rate), designed to maintain interest rates.

Commitments to lend that meet the definition of a derivative and must be accounted for in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended) are considered options for purposes of Schedule HC-L, item 11. All other commitments to lend should be reported in Schedule HC-L, item 1.

### **Line Item 11(d)(1) Written options.**

Report in this item the aggregate par value of the financial instruments or commodities that the reporting bank holding company has, for compensation (such as a fee or premium), obligated itself to either purchase or sell under OTC option contracts that are outstanding as of the report date. Also report the aggregate notional amount of written caps, floors, and swaptions and for the written portion of collars and corridors.

#### **Column A, Written OTC Interest Rate Options.**

Interest rate options include options to purchase and sell interest-bearing financial instruments and whose predominant risk characteristic is interest rate risk as well as contracts known as caps, floors, collars, corridors, and swaptions. Include in this item the notional amount for interest rate caps and floors that the reporting bank holding company sells. For interest rate collars and corridors, report a notional amount for the written portion of the contract in Schedule HC-L, item 11(d)(1), column A, and for the purchased portion of the contract in Schedule HC-L, item 11(d)(2), column A.

#### **Column B, Written OTC Foreign Exchange Options.**

A written currency option contract conveys the obligation to exchange two different currencies at a specified exchange rate. Report in this item the gross amount (stated in U.S. dollars) of foreign (non-U.S.) currency and U.S. dollar exchange that the reporting bank holding company has, for compensation, obligated itself to either purchase or sell under OTC option contracts whose predominant risk characteristic is foreign exchange risk.

#### **Column C, Written OTC Equity Derivative Options.**

Report the contract amount for those OTC option contracts where the reporting bank holding company has obligated itself, for compensation, to purchase or sell an equity instrument or equity index.

#### **Column D, Written Commodity and Other OTC Options.** Report the contract amount for those OTC

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## Schedule HC-L

option contracts where the reporting bank holding company has obligated itself, for compensation, to purchase or sell a commodity or product. Include any other written, OTC option that is not reportable as an interest rate, foreign exchange, or equity derivative contract in column A, B, or C.

### **Line Item 11(d)(2) Purchased options.**

Report in this item the aggregate par value of the financial instruments or commodities that the reporting bank holding company has, for a fee or premium, purchased the right to either purchase or sell under OTC option contracts that are outstanding as of the report date. Also report the aggregate notional amount for purchased caps, floors, and swaptions and for the purchased portion of collars and corridors.

#### **Column A, Purchased OTC Interest Rate Options.**

Interest rate options include options to purchase and sell interest-bearing financial instruments and whose predominant risk characteristic is interest rate risk as well as contracts known as caps, floors, collars, corridors, and swaptions. Include in this item the notional amount for interest rate caps and floors that the reporting bank holding company purchases. For interest rate collars and corridors, report a notional amount for the written portion of the contract in Schedule HC-L, item 11(d)(1), column A, and for the purchased portion of the contract in Schedule HC-L, item 11(d)(2), column A.

#### **Column B, Purchased OTC Foreign Exchange Options.**

Report in this item the gross amount (stated in U.S. dollars) of foreign (non-U.S.) currency and U.S. dollar exchange that the reporting bank holding company has, for a fee or premium, purchased the right to either purchase or sell under option contracts whose predominant risk characteristic is foreign exchange risk.

#### **Column C, Purchased OTC Equity Derivative Options.**

Report the notional amount of those OTC option contracts where the reporting bank holding company has, for a fee or premium, purchased the right to purchase or sell an equity instrument or equity index.

#### **Column D, Purchased Commodity and Other OTC Options.**

Report the contract amount for those option contracts where the reporting bank holding company has, for a fee or premium, purchased the right to purchase or sell a commodity or product. Include any other purchased OTC option that is not reportable as an interest

rate, foreign exchange or equity derivative contract in column A, B, or C.

### **Line Item 11(e) Swaps.**

Swaps are contracts in which two parties agree to exchange payment streams based on a specified notional amount for a specified period. Forward starting swap contracts should be reported as swaps. The notional amount of a swap is the underlying principal amount upon which the exchange of interest, foreign exchange or other income or expense is based. The notional amount reported for a swap contract with a multiplier component is the contract's effective notional amount. In those cases where the reporting bank holding company is acting as an intermediary, both sides of the transaction are to be reported.

**Column A, Interest Rate Swaps.** Report the notional amount of all outstanding interest rate and basis swaps whose predominant risk characteristic is interest rate risk.

**Column B, Foreign Exchange Swaps.** Report the notional principal amount (stated in U.S. dollars) of all outstanding cross-currency interest rate swaps.

A cross-currency interest rate swap is a contract in which two parties agree to exchange principal amounts of different currencies, usually at the prevailing spot rate, at the inception of an agreement which lasts for a certain number of years. At defined intervals over the life of the swap, the counterparties exchange payments in the different currencies based on specified rates of interest. When the agreement matures, the principal amounts will be re-exchanged at the same spot rate. The notional amount of a cross-currency interest rate swap is generally the underlying principal amount upon which the exchange is based.

**Column C, Equity Swaps.** Report the notional amount of all outstanding equity or equity index swaps.

**Column D, Commodity and Other Swaps.** Report the notional principal amount of all other swap contracts that are not reportable as either interest rate, foreign exchange, or equity derivative contracts in column A, B, or C. The notional amount to be reported for commodity contracts with multiple exchanges of principal is the contractual amount multiplied by the number of remaining payments (or exchanges of principal) in the contract.

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## Schedule HC-L

### **Line Item 12 Total gross notional amount of derivative contracts held for trading.**

Report in the appropriate column, the total notional amount or par value of those off-balance-sheet derivative contracts in Schedule HC-L, item 11 above that are held for trading purposes. Contracts held for trading purposes include those used in dealing and other trading activities accounted for at fair value with gains and losses recognized in earnings. Derivative instruments used to hedge trading activities should also be reported in this item.

Derivative trading activities include (a) regularly dealing in interest rate contracts, foreign exchange contracts, equity derivative contracts, and other off-balance-sheet commodity contracts, (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 (or repurchase) in order to profit from short-term price movements, or (c) acquiring or taking positions in such items as an accommodation to customers.

The trading department of a bank holding company or its subsidiaries may have entered into a derivative contract with another department or business unit within the consolidated bank holding company (and which has been reported on a consolidated basis in accordance with the instructions to Schedule HC-L, item 11 above). If the trading department has also entered into a matching contract with a counterparty outside the consolidated bank holding company, the contract with the outside counterparty should be designated as held for trading or as held for purposes other than trading consistent with the contract's designation for other financial reporting purposes.

### **Line Item 13 Total gross notional amount of derivative contracts held for purposes other than trading.**

Report in the appropriate column, the total notional amount or par value of those contracts in Schedule HC-L, item 11 above that are held for purposes other than trading.

### **Line Item 14 Gross fair values of derivative contracts.**

Report in the appropriate column and subitem below the fair (or market) value of all derivative contracts reported in Schedule HC-L, items 12 and 13 above. For each of the four types of underlying risk exposure in columns A

through D, the gross positive and gross negative fair values will be reported separately below for contracts held for trading (item 14(a)), and contracts held for purposes other than trading (item 14(b)). Guidance for reporting by type of underlying risk exposure is provided in Schedule HC-L, item 11 above. Guidance for reporting by purpose and accounting methodology is provided in the instructions for Schedule HC-L, items 12 and 13 above.

All transactions within the bank holding company should be reported on a consolidated basis. For purposes of this item, do not net (1) obligations of the reporting bank holding company to buy against the bank holding company's obligations to sell, (2) written options against purchased options, (3) positive fair values against negative fair values, or (4) contracts subject to bilateral netting agreements.

According to ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, *Fair Value Measurements*), 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. For purposes of item 14, the reporting bank holding company should determine the fair value of its derivative contracts in the same manner that it determines the fair value of these contracts for other financial reporting purposes, consistent with the guidance in ASC Topic 820.

### **Line Item 14(a) Contracts held for trading.**

Report in the appropriate column and subitem the gross positive and gross negative fair values of those contracts held for trading reported in Schedule HC-L, item 12 above.

#### **Line Item 14(a)(1) Gross positive fair value.**

Report in the appropriate column the total fair value of those contracts in Schedule HC-L, item 12 above with positive fair values.

#### **Line Item 14(a)(2) Gross negative fair value.**

Report in the appropriate column the total fair value of those contracts in Schedule HC-L, item 12 above with negative fair values. Report the total fair value as an

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## Schedule HC-L

absolute value, do *not* enclose the total fair value in parentheses or use a minus (–) sign.

### **Line Item 14(b) Contracts held for purposes other than trading.**

Report in the appropriate column and subitem the gross positive and gross negative fair values of those contract-shed for purposes other than trading that are reported in Schedule HC-L, item 13 above.

#### **Line Item 14(b)(1) Gross positive fair value.**

Report in the appropriate column the total fair value of those contracts in Schedule HC-L, item 13 above with positive fair values.

#### **Line Item 14(b)(2) Gross negative fair value.**

Report in the appropriate column the total fair value of those contracts in Schedule HC-L, item 13 above with negative fair values. Report the total fair value as an absolute value, do *not* enclose the total fair value in parentheses or use a minus (–) sign.

### **Line Item 15 Over-the-counter derivatives.**

Items 15.a and 15.b.(1) through (8) are to be completed only by bank holding companies with total assets of \$10 billion or more. Include all over-the-counter (OTC) interest rate, foreign exchange, commodity, equity, and credit derivative contracts that are held for trading and held for purposes other than trading.

#### **Column Instructions for items 15(a) and 15(b)(1) through (8):**

**Column A, Banks and Securities Firms:** Banks include U.S. banks and foreign banks as defined in the Glossary entry for “Banks, U.S. and Foreign.” Securities firms include broker-dealers that are registered with the U.S. Securities and Exchange Commission (SEC), firms engaged in securities activities in the European Union (EU) that are subject to the EU’s Capital Adequacy Directive, and other firms engaged in securities activities.

**Column B, Monoline Financial Guarantors:** Monoline financial guarantors are companies that are primarily engaged in the business of providing credit enhancement in the form of a “guarantee” of payment of principal and interest to bond issuers when an issuer defaults. In essence, these companies provide a back-up guarantee, which generally increases the bond rating of debt issued

by lower-rated borrowers, in exchange for insurance premiums. Monoline financial guarantors provide guarantees on securities that range from municipal bonds to structured financial products such as collateralized debt obligations (CDOs).

**Column C, Hedge Funds:** Hedge funds are generally privately-owned investment funds with a limited range of investors. Hedge funds are not required to register with the SEC, which provides them with an exemption in many jurisdictions from regulations governing short selling, derivative contracts, leverage, fee structures, and the liquidity of investments in the fund.

**Column D, Sovereign Governments:** Sovereign governments are the central governments of foreign countries.

**Column E, Corporations and All Other Counterparties:** Corporations and all other counterparties include all counterparties other than those included in columns A through D above.

#### **Line Item 15(a) Net current credit exposure.**

Report in the appropriate column the sum of the net current credit exposures on OTC derivative contracts by type of counterparty. The sum of the net current credit exposures reported in columns A through E for this item may not equal the amount reported in Schedule HC-R, Memorandum item 1, “Current credit exposure across all derivative contracts covered by the risk-based capital standards,” because the amount reported in Schedule HC-R, Memorandum item 1, excludes, for example, OTC derivatives not covered by the risk-based capital standards. All transactions within the consolidated bank holding company should be reported on a net basis.

The current credit exposure (sometimes referred to as the replacement cost) is the fair value of a derivative contract when that fair value is positive. The current credit exposure is zero when the fair value is negative or zero. For purposes of this item, the net current credit exposure to an individual counterparty should be derived as follows: Determine whether a legally enforceable bilateral netting agreement is in place between the reporting bank holding company and the counterparty. If such an agreement is in place, the fair values of all applicable derivative contracts with that counterparty that are included in the scope of the netting agreement are netted to a single amount, which may be positive, negative, or zero.

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# Schedule HC-L

## **Line Item 15(b) Fair value of collateral.**

Report in the appropriate subitem and column the total fair value of the collateral pledged by counterparties to secure OTC derivative transactions by type of counterparty, even if the fair value of the collateral as of the report date exceeds the net current credit exposure to a counterparty or the current credit exposure to a counterparty is zero. Include the fair value of collateral in the reporting bank holding company's possession and collateral held on the bank holding company's behalf by third party custodians.

## **Line Item 15(b)(1) Cash – U.S. dollar.**

Report in the appropriate counterparty column the total of all cash denominated in U.S. dollars held on deposit in the bank holding company or by third party custodians on behalf of the bank holding company that provide protection to the bank holding company against counterparty risk on OTC derivatives.

## **Line Item 15(b)(2) Cash – Other currencies.**

Report in the appropriate counterparty column in U.S. dollar equivalents the total of all cash denominated in non-U.S. currency held on deposit in the bank holding company or by third party custodians on behalf of the bank holding company that provide protection to the bank holding company against counterparty risk on OTC derivatives.

## **Line Item 15(b)(3) U.S. Treasury securities.**

Report in the appropriate counterparty column the fair value of U.S. Treasury securities held directly by the bank holding company or by third-party custodians on behalf of the bank holding company that provide protection to the bank holding company against counterparty risk on OTC derivatives.

## **Line Item 15(b)(4) U.S. Government agency and U.S. Government-sponsored agency debt securities.**

Report in the appropriate counterparty column the fair value of U.S. Government agency and U.S. Government-sponsored agency debt securities held directly by the bank holding company or by third party custodians on behalf of the bank holding company that provide protection to the bank holding company against counterparty risk on OTC derivatives.

## **Line Item 15(b)(5) Corporate bonds.**

Report in the appropriate counterparty column the fair value of corporate bonds held directly by the bank holding company or by third party custodians on behalf of the bank holding company that provide protection to the bank holding company against counterparty risk on OTC derivatives.

## **Line Item 15(b)(6) Equity securities.**

Report in the appropriate counterparty column the fair value of equity securities held directly by the bank holding company or by third-party custodians on behalf of the bank holding company that provide protection to the bank holding company against counterparty risk on OTC derivatives.

## **Line Item 15(b)(7) All other collateral.**

Report in the appropriate counterparty column the fair value of collateral that cannot properly be reported in Schedule HC-L, item 15(b)(1) through item 15(b)(7), held directly by the bank holding company or by third-party custodians on behalf of the bank holding company that provide protection to the bank holding company against counterparty risk on OTC derivatives.

## **Line Item 15(b)(8) Total fair value of collateral.**

For each column, report the sum of items 15(b)(1) through 15(b)(7).

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## LINE ITEM INSTRUCTIONS FOR

# Memoranda

## Schedule HC-M

### **Line Item 1 Total number of bank holding company common shares outstanding.**

Report in this item the total *number* of common stock outstanding by the consolidated bank holding company as of the report date. **Do not round this number.** Total outstanding shares equals total shares issued less treasury stock.

### **Line Item 2 Debt maturing in one year or less that is issued to unrelated third parties by bank subsidiaries.**

Report in this item all debt maturing in one year or less included in Schedule HC, items 16 and 19(a) that is issued to unrelated third parties *by any direct or indirect bank subsidiary of the reporting bank holding company*. Include in this item the amount of such debt that is redeemable at the option of the holder within one year, even when the debt is scheduled to mature in more than one year.

“Unrelated third parties” covers all individuals and those partnerships and corporations that are not majority-owned or controlled, directly or indirectly, by the respondent holding company or any of its subsidiaries.

### **Line Item 3 Debt maturing in more than one year that is issued to unrelated third parties by bank subsidiaries.**

Report in this item all debt maturing in more than one year included in Schedule HC, items 16 and 19(a) that is issued to unrelated third parties *by any direct or indirect bank subsidiary of the reporting bank holding company*.

*Exclude* from this item the amount of such debt that is redeemable at the option of the holder within one year, even when the debt is scheduled to mature in more than one year.

“Unrelated third parties” covers all individuals and those partnerships and corporations that are not majority-owned or controlled, directly or indirectly, by the respondent holding company or any of its subsidiaries.

### **Line Item 4 Other assets acquired in satisfaction of debts previously contracted.**

Report in this item all assets (other than other real estate owned) that have been acquired in satisfaction of debts previously contracted (DPC). Include assets, such as securities, loans, and equipment, that have been acquired in satisfaction of DPC.

### **Line Item 5 Securities purchased under agreements to resell offset against securities sold under agreements to repurchase on Schedule HC.**

Report in this item the amount of securities purchased under agreements to resell that have been offset (where the “right of setoff” exists) by securities sold under agreements to repurchase (i.e., assets removed from Schedule HC). For further information, see the Glossary entry for “offsetting” and ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 41, *Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements*).

### **Line Item 6 Assets covered by loss-sharing agreements with the FDIC.**

Under a loss-sharing agreement, the FDIC agrees to absorb a portion of the losses on a specified pool of a failed insured depository institution’s assets in order to maximize asset recoveries and minimize the FDIC’s losses. In general, for transactions that occurred before April 2010, the FDIC reimburses 80 percent of losses incurred by an acquiring institution on covered assets over a specified period of time up to a stated threshold amount, with the acquirer absorbing 20 percent of the losses on these assets. Any losses above the stated

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## Schedule HC-M

threshold amount are reimbursed by the FDIC at 95 percent of the losses recognized by the acquirer. For more recent transactions, the FDIC generally reimburses 80 percent of the losses incurred by the acquirer on covered assets, with the acquiring institution absorbing 20 percent.

Report in the appropriate subitem the balance sheet carrying amount as of the report date of all assets acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. These asset amounts should also be included in the balance sheet category appropriate to the asset on Schedule HC, Balance Sheet.

Do not report the “book value” of the covered assets on the failed institution’s books, which is the amount upon which payments from the FDIC to the reporting bank holding company are to be based in accordance with the loss-sharing agreement.

### **Line Item 6(a) Loans and leases.**

Report in the appropriate subitem the carrying amount of loans and leases held for sale and the recorded investment in loans held for investment included in Schedule HC-C, items 1 through 10 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(a)(1) Loans secured by real estate (in domestic offices):**

#### **Line Item 6(a)(1)(a) Construction, land development, and other land loans:**

##### **Line Item 6(a)(1)(a)(1) 1-4 family residential construction loans.**

Report the amount of 1-4 family residential construction loans included in Schedule HC-C, item 1(a)(1), column B, 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(a)(1)(a)(2) Other construction loans and all land development and other land loans.**

Report the amount of other construction loans and all land development and other land loans included in Schedule HC-C, item 1(a)(2), column B, 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(a)(1)(b) Secured by farmland.**

Report the amount of loans secured by farmland included in Schedule HC-C, item 1(b), column B, 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(a)(1)(c) Secured by 1-4 family residential properties:**

#### **Line Item 6(a)(1)(c)(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.**

Report the amount of revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit loans included in Schedule HC-C, item 1(c)(1), column B, 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(a)(1)(c)(2) Closed-end loans secured by 1-4 family residential properties:**

##### **Line Item 6(a)(1)(c)(2)(a) Secured by first liens.**

Report the amount of closed-end loans secured by first liens on 1-4 family residential properties included in Schedule HC-C, item 1(c)(2)(a), column B, 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(a)(1)(c)(2)(b) Secured by junior liens.**

Report the amount of closed-end loans secured by junior liens on 1-4 family residential properties included in Schedule HC-C, item 1(c)(2)(b), column B, 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(a)(1)(d) Secured by multifamily (5 or more) residential properties.**

Report the amount of loans secured by multifamily (5 or more) residential properties included in Schedule HC-C,

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## Schedule HC-M

item 1(d), column B, 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(a)(1)(e) Secured by nonfarm nonresidential properties:**

**Line Item 6(a)(1)(e)(1) Loans secured by owner-occupied nonfarm nonresidential properties.**

Report the amount of loans secured by owner-occupied nonfarm nonresidential properties included in Schedule HC-C, item 1(e)(1), column B, 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(a)(1)(e)(2) Loans secured by other nonfarm nonresidential properties.**

Report the amount of loans secured by other nonfarm nonresidential properties included in Schedule HC-C, item 1(e)(2), column B, 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(a)(2) Loans to finance agricultural production and other loans to farmers.**

Report the amount of loans to finance agricultural production and other loans to farmers included in Schedule HC-C, item 3, column A, 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(a)(3) Commercial and industrial loans.**

Report the amount of commercial and industrial loans included in Schedule HC-C, items 4(a) and 4(b), column A, 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(a)(4) Loans to individuals for household, family, and other personal expenditures:**

**Line Item 6(a)(4)(a) Credit cards.**

Report the amount of extensions of credit arising from credit cards included in Schedule HC-C, item 6.a, col-

umn A, 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(a)(4)(b) Automobile loans.**

Report the amount of automobile loans included in Schedule HC-C, item 6(c), column A, 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(a)(4)(c) Other consumer loans (includes single payment, installment, all student loans, and revolving credit plans other than credit cards).**

Report the amount of extensions of credit arising from other revolving credit plans and other consumer loans included in Schedule HC-C, items 6(b) and 6(d), column A, 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(a)(5) All other loans and all leases.**

Report the amount of loans that cannot properly be reported in Schedule HC-C, Memorandum items 6(a)(1) through 6(a)(4), above acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. Include in this item covered loans in the following categories:

- (1) Loans to depository institutions and acceptances of other banks included in Schedule HC-C, items 2(a)(1) through 2(c)(2), column A;
- (2) Loans to foreign governments and official institutions included in Schedule HC-C, item 7, column A;
- (3) Obligations (other than securities and leases) of states and political subdivisions in the U.S. included in Schedule HC-C, item 8, column A;
- (4) Loans to nondepository financial institutions and other loans included in Schedule HC-C, item 9, column A; and
- (5) Loans secured by real estate in foreign offices included in Schedule HC-C, item 1, column A.

Also include all lease financing receivables included in Schedule HC-C, items 10(a) and 10(b), column A, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

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## Schedule HC-M

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)). Pre-printed 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 bank 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 other real estate owned is the carrying amount of the other real estate, as reported in the preceding Schedule HC-M items, multiplied by the currently applicable loss coverage rate (e.g., 80 percent or 95

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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 bank reports the covered asset on Schedule HC, Balance Sheet, should already have been taken into account in measuring the carrying amount of the reporting bank’s loss-sharing indemnification asset, which is reported in Schedule HC-F, item 6, “Other” assets.

### **Line Item 6(c) Debt securities.**

Report the amortized cost of held-to-maturity debt securities (included in Schedule HC, items 2(a)) and the fair value of available-for-sale debt securities (included in Schedule HC, item 2(b)) acquired from failed insured depository institutions or otherwise purchased from the FDIC and covered by loss-sharing agreements with the FDIC.

### **Line Item 6(d) Other assets.**

Report the balance sheet carrying amount of all assets that cannot properly be reported in Schedule HC-M, items 6(a) through 6(c), and have been acquired from failed insured depository institutions or otherwise purchased from the FDIC and are covered by loss-sharing agreements with the FDIC.

*Exclude* FDIC loss-sharing indemnification assets. These indemnification assets represent the carrying amount of the right to receive payments from the FDIC for losses incurred on specified assets acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. Report FDIC loss-sharing indemnification assets in Schedule HC-F, item 6, “Other” assets.

### **Line Item 7) Captive insurance and reinsurance subsidiaries:**

#### **Line Item 7(a) Total assets of captive insurance subsidiaries.**

Report the carrying amount of all assets held by consolidated captive insurance subsidiaries of the reporting bank holding company. A captive insurance company is a limited purpose insurer licensed as a direct writer of insurance. Some common lines of business include credit

life, accident, and health insurance; disability insurance; and employee benefits coverage. Report total assets before eliminating intercompany transactions between the consolidated insurance subsidiary and other offices or subsidiaries of the consolidated bank company.

#### **Line Item 7(b) Total assets of captive reinsurance subsidiaries.**

Report the carrying amount of all assets held by consolidated captive reinsurance subsidiaries of the reporting bank holding company. Reinsurance is the transfer, with indemnification, of all or part of the underwriting risk from one insurer to another for a portion of the premium or other consideration. For further information, see the Glossary entry for “reinsurance.”

Some common lines of business include credit life, accident, and health reinsurance; disability reinsurance; reinsurance of employee benefits coverage; private mortgage guaranty reinsurance; and terrorism risk reinsurance. Report total assets before eliminating intercompany transactions between the consolidated reinsurance subsidiary and other offices or subsidiaries of the consolidated bank holding company.

#### **Line Item 8 Has the bank holding company entered into a business combination during the calendar year that was accounted for by the purchase method of accounting?**

Enter a “1” for yes if the respondent bank holding company consummated the acquisition of another company during the calendar year that was accounted for by the purchase method of accounting. Enter “0” for no if the respondent bank holding company consummated no business combinations during the calendar year.

#### **Line Item 9 Has the bank holding company restated its financial statements during the last quarter as a result of new or revised Statements of Financial Accounting Standards?**

Enter a “1” for yes if the respondent bank holding company has restated its financial statements during the quarter ending with the report date because a new or revised Statement of Financial Accounting Standards (SFAS) was implemented. Enter a “0” if no financial statements were revised as a result of the implementation of a new or revised SFAS.

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If the response to this question is “yes,” restated financial statements that reflect those changes in accounting standards should be submitted to the appropriate Federal Reserve District Bank as soon as possible.

### **Line Item 10 Not applicable.**

### **Line Item 11 Have all changes in investments and activities been reported to the Federal Reserve on the Bank Holding Company Report of Changes in Organizational Structure (FR Y-10).**

Enter a “1” for yes if the bank holding company has submitted all changes, if any, in its investments and activities on the FR Y-10. If the bank holding company had no changes in investments and activities and therefore was not required to file a FR Y-10, also enter a “1” in this item. Enter a “0” for no if it has not yet submitted all changes to investments and activities on the FR Y-10. **(If the answer to this question is no, the bank holding company must complete the FR Y-10 report.)** The name of the holding company official responsible for verifying that the FR Y-10 has been completed should be typed or printed on the line provided whether the answer is “yes,” or “no.” In addition, enter the area code and phone number of the official responsible for verifying the FR Y-10.

Savings and loan holding companies should leave this item blank.

### **Line Item 12 Intangible assets other than goodwill.**

Report in the appropriate subitem the carrying amount of intangible assets other than goodwill. Intangible assets primarily result from business combinations accounted for under the acquisition method in accordance with ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), *Business Combinations*), from acquisitions of portions or segments of another institution’s business such as mortgage servicing portfolios, and credit card portfolios, and from the sale or securitization of financial assets with servicing retained.

An intangible asset with a finite life (other than a servicing asset) should be amortized over its estimated useful life and should be reviewed at least quarterly to determine whether events or changes in circumstances indicate that its carrying amount may not be recoverable. If this review indicates that the carrying amount may not be recoverable, the intangible asset should be tested for recoverability (impairment) in accordance with ASC

Topic 360, Property, Plant, and Equipment (formerly FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*). An impairment loss shall be recognized if the carrying amount of the intangible asset is not recoverable and this amount exceeds the asset’s fair value. The carrying amount is not recoverable if it exceeds the sum of the undiscounted expected future cash flows from the intangible asset. An impairment loss is recognized by writing the intangible asset down to its fair value (which becomes the new accounting basis of the intangible asset), with a corresponding charge to expense (which should be reported in Schedule HI, item 7(c)(2)). Subsequent reversal of a previously recognized impairment loss is prohibited.

An intangible asset with an indefinite useful life should not be amortized, but should be tested for impairment at least annually in accordance with ASC Topic 360, Property, Plant, and Equipment (formerly FASB Statement No. 142, *Goodwill and Other Intangible Assets*).

### **Line Item 12(a) Mortgage servicing assets.**

Report the carrying amount of mortgage servicing assets, i.e., the cost of acquiring contracts to service loans secured by real estate (as defined for Schedule HC-C, item 1, and in the Glossary entry for “Loans secured by real estate”) that have been securitized or are owned by another party, net of any related valuation allowances. Servicing assets resulting from contracts to service financial assets other than loans secured by real estate should be reported in line item 12(b). For further information, see the Glossary entry for “servicing assets and liabilities.”

### **Line Item 12(a)(1) Estimated fair value of mortgage servicing assets.**

Report the estimated fair value of the capitalized mortgage servicing assets reported in Schedule HC-M, item 12(a) above.

According to ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, *Fair Value Measurements*), fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants in the asset’s principal (or most advantageous) market at the measurement date. For purposes of this item, the reporting bank holding company should determine the fair value of

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mortgage servicing assets in the same manner that determines the fair value of these assets for other financial reporting purposes, consistent with the guidance in ASC Topic 820.

### **Line Item 12(b) Purchased credit card relationships and nonmortgage servicing assets.**

Report the carrying amount of purchased credit card relationships (PCCRs) plus the carrying value of non-mortgage servicing assets.

PCCRs represent the right to conduct ongoing credit card business dealings with the cardholders. In general, PCCRs are an amount paid in excess of the value of the purchased credit card receivables. Such relationships arise when a banking organization purchases existing credit card receivables and also has the right to provide credit card services to those customers. PCCRs may also be acquired when the reporting bank holding company acquires an entire depository institution.

Purchased credit card relationships shall be carried at amortized cost. Management of the institution shall review the carrying amount at least quarterly, adequately document this review, and adjust the carrying amount as necessary. This review should determine whether unanticipated acceleration or deceleration of cardholder payments, account attrition, changes in fees or finance charges, or other events or changes in circumstances indicate that the carrying amount of the purchased credit card relationships may not be recoverable. If this review indicates that the carrying amount may not be recoverable, the intangible asset should be tested for recoverability, and any impairment loss should be recognized, as described in the instruction for Schedule HC-M, item 12.

The carrying value of nonmortgage servicing assets is the unamortized cost of acquiring contracts to service financial assets, other than loans secured by real estate (as defined for Schedule HC-C, item 1), that have been securitized by another party, net of any related valuation allowances. For further information, see the Glossary entry for “servicing assets and liabilities.”

### **Line Item 12(c) All other identifiable intangible assets.**

Report the carrying amount of all other specifically identifiable intangible assets such as core deposit intangibles and favorable leasehold rights. Exclude goodwill, which should be reported in Schedule HC, item 10(a).

### **Line Item 12(d) Total.**

Report the sum of items 12(a), 12(b) and 12(c). This amount must equal Schedule HC, item 10(b), “Other intangible assets.”

### **Line Item 13 Other real estate owned.**

Report the net book value of all real estate other than (1) bank holding company premises owned or controlled by the bank holding company and its consolidated subsidiaries (which should be reported in Schedule HC, item 6) and (2) direct and indirect investments in real estate ventures (which should be reported in Schedule HC, item 9). Do not deduct mortgages or other liens on such property (report mortgages or other liens in Schedule HC, item 16, “Other borrowed money”). Amounts should be reported net of any applicable valuation allowances.

Include as all other real estate owned:

(1) Foreclosed real estate, i.e.,

(a) Real estate acquired in any manner for debts previously contracted (including, but not limited to, real estate acquired through foreclosure and real estate acquired by deed in lieu of foreclosure), even if the bank holding company has not yet received title to the property.

(b) Real estate collateral underlying a loan when the bank holding company has obtained physical possession of the collateral, regardless of whether formal foreclosure proceedings have been instituted against the borrower.

Foreclosed real estate received in full or partial satisfaction of a loan should be recorded at the fair value less cost to sell of the property at the time of foreclosure. This amount becomes the “cost” of the foreclosed real estate. When foreclosed real estate is received in full satisfaction of a loan, the amount, if any, by which the recorded amount of the loan exceeds the fair value less cost to sell of the property is a loss which must be charged to the allowance for loan and lease losses at the time of foreclosure. The amount of any senior debt (principal and accrued interest) to which foreclosed real estate is subject at the time of foreclosure must be reported as a liability in Schedule HC, item 16, “Other borrowed money.”

After foreclosure, each foreclosed real estate asset must be carried at the lower of (1) the fair value of the asset minus the estimated costs to sell the asset or (2) the cost of the asset (as defined in the preceding paragraph). This

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determination must be made on an asset-by-asset basis. If the fair value of a foreclosed real estate asset minus the estimated costs to sell the asset is less than the asset's cost, the deficiency must be recognized as a valuation allowance against the asset which is created through a charge to expense. The valuation allowance should thereafter be increased or decreased (but not below zero) through charges or credits to expense for changes in the asset's fair value or estimated selling costs. (For further information, see the Glossary entries for "foreclosed assets" and "troubled debt restructurings.")

- (2) Foreclosed real estate backing mortgage loans insured by the Federal Housing Administration (FHA) or the Farmers Home Administration (FmHA) or guaranteed by the Veterans Administration (VA) that back Government National Mortgage Association (GNMA) securities, i.e., "GNMA loans."
- (3) Property originally acquired for future expansion but no longer intended to be used for that purpose.
- (4) Foreclosed real estate sold under contract and accounted for under the deposit method of accounting in accordance with ASC Subtopic 360-20, Property, Plant, and Equipment – Real Estate Sales (formerly FASB Statement No. 66, *Accounting for Sales of Real Estate*). Under this method, the seller does not record notes receivable, but continues to report the real estate and any related existing debt on its balance sheet. The deposit method is used when a sale has not been consummated and is commonly used when recovery of the carrying value of the property is not reasonably assured. If the full accrual, installment, cost recovery, reduced profit, or percentage-of-completion method of accounting under ASC Subtopic 360-20 is being used to account for the sale, the receivable resulting from the sale of the foreclosed real estate should be reported as a loan in Schedule HC-C and any gain on the sale should be recognized in accordance with ASC Subtopic 360-20. For further information, see the Glossary entry for "foreclosed assets."

Property formerly but no longer used for banking may be reported either in this item as "All other real estate owned" or in Schedule HC, item 6, as "Premises and fixed assets."

### **Line Item 14 Other borrowed money.**

Report in the appropriate subitem the amount borrowed by the consolidated bank holding company.

### **Line Item 14(a) Commercial paper.**

Report the total amount outstanding of commercial paper issued by the reporting bank holding company or its subsidiaries.

(See the Glossary entry for "commercial paper" for a description of commercial paper.)

### **Line Item 14(b) Other borrowed money with a remaining maturity of one year or less.**

Report the total amount of money borrowed by the consolidated bank holding company with a remaining maturity of one year or less. For purposes of this item, remaining maturity is the amount of time remaining from the report date until final contractual maturity of a borrowing without regard to the borrowing's repayment schedule, if any.

Report the dollar amount outstanding of all interest-bearing demand notes issued to the U.S. Treasury by the depository institutions that are consolidated subsidiaries of the reporting bank holding company. If the depository institution subsidiary participates in the Treasury Tax and Loan note program, funds received for credit to the U.S. government are demand deposits on the day received and become note balances on the following business day.

Report in this item mortgage indebtedness and obligations under capitalized leases with a remaining maturity of one year or less. Report the amount of mortgages, liens, or other encumbrances on premises and fixed assets and on other real estate owned for which the bank holding company or its consolidated subsidiaries are liable.

If the bank holding company is the lessee on capitalized lease property, include the bank holding company's liability for capitalized lease payments. (See the Glossary entry for "lease accounting" for a discussion of accounting with bank holding company as lessee.)

Report the total amount of money borrowed with a remaining maturity of one year or less:

- (1) on its promissory notes;
- (2) on notes and bills rediscounted (including commodity drafts rediscounted);
- (3) on financial assets (other than securities) sold under repurchase agreements that have an original maturity of more than one business day and sales of

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## Schedule HC-M

participations in pools of loans that have an original maturity of more than one business day;

- (4) by transferring financial assets in exchange for cash or other consideration (other than beneficial interests in the transferred assets) in transactions that do not satisfy the criteria for sale treatment under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, as amended) (see the Glossary entry for “transfers of financial assets” for further information);
- (5) by the creation of due bills representing the bank holding company’s receipt of payment and similar instruments, whether collateralized or uncollateralized (see the Glossary entry for “due bills”);
- (6) from Federal Reserve Banks;
- (7) by overdrawing “due from” balances with depository institutions, except overdrafts arising in connection with checks or drafts drawn by subsidiary depository institutions of the reporting bank holding company and drawn on, or payable at or through, another depository institution either on a zero-balance account or on an account that is not routinely maintained with sufficient balances to cover checks or drafts drawn in the normal course of business during the period until the amount of the checks or drafts is remitted to the other depository institution (in which case, report the funds received or held in connection with such checks or drafts as deposits in Schedule HC-E until the funds are remitted);
- (8) on purchases of “term federal funds” (as defined in the Glossary entry for “federal funds transactions”);
- (9) by borrowing immediately available funds in foreign offices that have an original maturity of one business day or roll over under a continuing contract that are not securities repurchase agreements;
- (10) on Federal Home Loan Bank advances; and
- (11) on any other obligation for the purpose of borrowing money that has a remaining maturity of one year or less and that is not reported elsewhere.

(For a discussion of borrowings in foreign offices, see the

Glossary entry for “borrowings and deposits in foreign offices.”)

Exclude from this item the following:

- (1) Federal funds purchased (in domestic offices) and securities sold under agreements to repurchase (report in Schedule HC, items 14(a) and 14(b), respectively);
- (2) Liabilities resulting from the sales of assets that the reporting bank holding company or its consolidated subsidiaries does not own (see Glossary entry for “short position”) (report in Schedule HC, item 15); and
- (3) Subordinated notes and debentures (report in Schedule HC, item 19(a)).

### **Line Item 14(c) Other borrowed money with a remaining maturity of more than one year.**

For purposes of this item, remaining maturity is the amount of time remaining from the report date until final contractual maturity of a borrowing without regard to the borrowing’s repayment schedule, if any.

Report in this item mortgage indebtedness and obligations under capitalized leases with a remaining maturity of more than year. Report the amount of mortgages, liens, or other encumbrances on premises and fixed assets and on other real estate owned for which the bank holding company or its consolidated subsidiaries are liable.

If the bank holding company is the lessee on capitalized lease property, include the bank holding company’s liability for capitalized lease payments. (See the Glossary entry for “lease accounting” for a discussion of accounting with bank holding company as lessee.)

Report the total amount of money borrowed by the consolidated bank holding company with a remaining maturity of more than one year:

- (1) on its promissory notes;
- (2) in the form of perpetual debt securities that are unsecured and not subordinated;
- (3) on notes and bills rediscounted (including commodity drafts rediscounted);
- (4) on loans sold under repurchase agreements that mature in more than one business day;
- (5) on Federal Home Loan Bank advances; and

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(6) on any other obligation with a remaining maturity of more than one year for the purpose of borrowing money that is not reported elsewhere.

NOTE: When the reporting bank holding company has explicitly or implicitly guaranteed the long-term debt of its Employee Stock Ownership Plan (ESOP), report in this item the dollar amount outstanding of the long-term debt guaranteed.

For a discussion of borrowings in foreign offices, see the Glossary entry for “borrowings and deposits in foreign offices.”

Exclude from this item the following:

- (1) federal funds purchased (in domestic offices) and securities sold under agreements to repurchase (report in Schedule HC, items 14(a) and 14(b), respectively);
- (2) liabilities resulting from the sales of assets that the reporting bank holding company or its consolidated subsidiaries do not own (see Glossary entry for “short position”) (report in Schedule HC, item 15); and
- (3) subordinated notes and debentures (report in Schedule HC, item 19(a)).

### **Line Item 14(d) Total.**

Report the sum of items 14(a), 14(b) and 14(c). This amount must equal Schedule HC, item 16, “Other borrowed money.”

### **Line Item 15 Does the holding company sell private label or third party mutual funds and annuities?**

Indicate whether the reporting bank holding company currently sells private label or third party mutual funds and annuities.

Place “1” for yes if the bank holding company, a bank holding company subsidiary or other affiliate, or an unaffiliated entity sells private label or third party mutual funds and annuities:

- (1) on premises of the bank holding company;
- (2) from which the bank holding company receives income at the time of the sale or over the duration of the account (e.g., annual fees, Rule 12b-1 fees or “trailer fees,” and redemption fees); or

(3) through the reporting bank holding company’s trust department in transactions that are not executed in a fiduciary capacity (e.g., trustee, executor, administrator, conservator).

Otherwise, enter “0” for no.

Mutual fund is the common name for an open-end investment company whose shares are sold to the investing public. An annuity is an investment product, typically underwritten by an insurance company, that pays either a fixed or variable payment stream over a specified period of time. Both proprietary and private label mutual funds and annuities are established in order to be marketed primarily to a banking organization’s customers. A proprietary product is a product for which the reporting bank holding company or a subsidiary or other affiliate of the reporting bank holding company acts as investment adviser and may perform additional support services. In a private label product, an unaffiliated entity acts as the investment adviser. The identity of the investment adviser is normally disclosed in the prospectus for a mutual fund or annuity. Mutual funds and annuities that are not proprietary or private label products are considered third party products. For example, third party mutual funds and annuities include products that are widely marketed by numerous parties to the investing public and have investment advisers that are not affiliated with the reporting bank holding company.

### **Line Item 16 Assets under management in proprietary mutual funds and annuities.**

Report the amount of assets (stated in U.S. dollars) held by mutual funds and annuities as of the report date for which the reporting bank holding company or a subsidiary of the bank holding company acts as investment adviser.

A general description of a proprietary product is included in the instruction to Schedule HC-M, item 15, above. Proprietary mutual funds and annuities are typically created by large banking organizations and offered to customers of the banking organization’s subsidiary banks. Therefore, small, independent banks do not normally act as investment advisers for mutual funds and annuities.

If neither the bank holding company nor any subsidiary of the bank holding company acts as investment adviser for a mutual fund or annuity, the bank holding company should report a zero in this item.

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Information related to the filing of the FR Y-12 report (Line Items 17, 18, 19(a), 19(b))

Line items 17 and 18 will be used to determine if the reporting bank holding company must complete the Consolidated Bank Holding Company Report of Equity Investments in Nonfinancial Companies (FR Y-12). In a multi-tiered organization with one or more bank holding companies (BHCs), only the top-tier BHC should complete items 17 and 18 on a consolidated basis. However, if a lower-tier BHC is functioning as the consolidated top-tier reporter for other financial reports (for example, when the top-tier is a non-U.S. BHC, ESOP, or limited partnership), this lower-tier BHC should complete items 17 and 18 on a consolidated basis. Savings and loan holding companies should leave this item blank.

Items 19(a) and 19(b) are to be completed by all bank holding companies that are not required to file the FR Y-12.

**Line Item 17 Does the bank holding company hold, either directly or indirectly through a subsidiary or affiliate, any nonfinancial equity investments within a Small Business Investment Company (SBIC) structure, or under section 4(c)(6) or 4(c)(7) of the Bank Holding Company Act, or pursuant to the merchant banking authority of section 4(k)(4)(H) of the Bank Holding Company Act, or pursuant to the investment authority granted by Regulation K?**

Enter a “1” if the answer to this question is yes. Enter a “0” if the response to this question is no. *If the answer to this question is no, your organization does not need to complete the FR Y-12. Skip items 18 and proceed to items 19(a) and 19(b). If the answer to this question is yes, proceed to item 18 below.*

For purposes of this question, an *equity investment* refers to common stock, partnership interests, convertible preferred stock, convertible debt, and warrants, options, and other rights that give the holder the right to acquire common stock or instruments convertible into common stock. An equity investment does not include any position or security held in a trading account in accordance with applicable accounting principles and as part of an underwriting, market making or dealing activity.

A *nonfinancial equity investment* means an equity investment made by the BHC or any of its subsidiaries (including all U.S. offices, International Banking Facilities, foreign branches, branches in Puerto Rico and U.S. territories and possessions, and majority-owned bank and nonbank domestic and foreign subsidiaries, including Edge and agreement subsidiaries, domestic non-bankingsubsidiaries, and small business investment companies (SBICs)):

- pursuant to the merchant banking authority of section 4(k)(4)(H) of the BHC Act (12 U.S.C. 1843(k)(4)(H)) and subpart J of the Board’s Regulation Y,
- under section 4(c)(6) or 4(c)(7) of the BHC Act (12 U.S.C. 1843(c)(6) and (c)(7)) in a nonfinancial company (as defined below) or in a company that makes investments in nonfinancial companies,
- investments made through a SBIC that is consolidated with the BHC or subsidiary, or in an SBIC that is not consolidated, under section 302(b) of the Small Business Investment Act of 1958,
- in a nonfinancial company under the portfolio investment provisions of the Board’s Regulation K (12 CFR 211.8(c)(3)), or
- in a nonfinancial company under section 24 of the Federal Deposit Insurance Act (12 U.S.C. 1831a).

This question does not apply to equity investments that a BHC or any of its subsidiaries may make under other legal authorities. For example, this question does not apply to nonfinancial investments made by an insurance company subsidiary of a financial holding company under section 4(k)(4)(I) of the BHC Act (12 U.S.C. 1843(k)(4)(I)). Also, this question does not apply to DPC investments.

A *nonfinancial company* is a company that is engaged in any activity that has not been determined to be financial in nature or incidental to a financial activity under section 4(k) of the BHC Act (12 U.S.C. 1843(k)).

**Line Item 18 Do your aggregate nonfinancial equity investments equal or exceed the lesser of \$100 million (on an acquisition cost basis) or 10 percent of the BHC’s consolidated Tier 1 capital as of the report date?**

Enter a “1” if the answer to this question is yes. Enter a “0” if the response to this question is no. *If the answer to both item 17 and item 18 is yes, your organization must complete the FR Y-12. Skip items 19.a and 19.b, and*

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proceed to item 20 below. If the answer to *either* item 17 or item 18 is no, your organization does not need to complete the FR Y-12. Proceed to items 19(a) and 19(b) below.

See the instructions for item 17 above for the definition of *nonfinancial equity investment*.

*Acquisition cost* is the amount paid by the BHC for the nonfinancial equity investment when it was acquired.

Tier 1 capital is the amount reported in Schedule HC- R, Regulatory Capital, item 11.

**Items 19(a) and 19(b) are to be completed by all bank holding companies that are not required to file the FR Y-12.**

**Line Item 19(a) Has the bank holding company sold or otherwise liquidated its holding of any nonfinancial equity investment since the previous reporting period?**

Enter a “1” if the answer to this question is yes. Enter a “0” if the response to this question is no. See the instructions for item 17 above for the definition of *nonfinancial equity investment*.

**Line item 19(b) Does the bank holding company manage any nonfinancial equity investments for the benefit of others?**

Enter a “1” if the answer to this question is yes. Enter a “0” if the response to this question is no.

This item applies to all bank holding companies that do not file the FR Y-12 report that manage nonfinancial equity investments for others by serving as a general partner in a limited partnership or performing a similar function in a private equity fund. These investments are not owned by the bank holding company and are not consolidated in the bank holding company’s financial statements. Exclude investments managed through a bank trust department in a fiduciary capacity. See the instructions for item 17 above for the definition of *nonfinancial equity investment*.

**Line Item 20 Balances of broker–dealer subsidiaries engaged in underwriting or dealing securities pursuant to Section 4(k)(4)(E) of the Bank Holding Company Act as amended by the Gramm–Leach–Bliley Act.**

**These items are to be completed only by top-tier financial holding companies.** A financial holding company is

a U.S. bank holding company that has submitted a declaration to become a financial holding company with the appropriate Federal Reserve Bank and whose declaration has been determined to be effective as of the reporting period (e.g., March 31, June 30, September 30, or December 31).

**Line Item 20(a) Net Assets.**

Report the total net assets of all broker–dealer subsidiaries engaged in underwriting or dealing securities pursuant to Section 4(k)(4)(E) of the Bank Holding Company Act as amended by the Gramm–Leach–Bliley Act. The definition of assets generally corresponds to Schedule HC, Balance Sheet, line 12. *Include* both domestic and foreign subsidiaries that are owned by the financial holding company. *Exclude* from this item intercompany assets and claims on affiliates that are eliminated when preparing consolidated financial statements for the financial holding company. Report intercompany assets and claims in items 20(b) and 20(c), respectively. Also exclude any subsidiaries that are held through a U.S. depository institution.

**Line Item 20(b) Balances due from related institutions.**

Report intercompany transaction balances due from the parent company, subsidiary banks and their subsidiaries, and nonbank subsidiaries of the parent bank holding company. This may include cash, receivables and all other amounts due from operating the underwriting subsidiary. All amounts are reported gross. For savings and loan holding companies, the definition of nonbank subsidiary excludes federal savings associations, federal savings banks and thrift institutions.

**Line Item 20(b)(1) Due from bank holding company (parent company only), gross.**

Report intercompany transaction balances due from the reporting parent bank holding company. This may include receivables and amounts owed from operating the subsidiary or providing services to the parent company.

**Line Item 20(b)(2) Due from subsidiary banks of the bank holding company, gross.**

Report intercompany transaction balances due from subsidiary banks and their subsidiaries of the bank holding company. This may include cash due from subsidiary banks or amounts owed for services provided.

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### **Line Item 20(b)(3) Due from nonbank subsidiaries of the bank holding company, gross.**

Report intercompany transaction balances due from nonbank subsidiaries of the bank holding company. For savings and loan holding companies, the definition of nonbank subsidiary excludes federal savings associations, federal savings banks and thrift institutions.

### **Line Item 20(c) Balances due to related institutions.**

Line items 20(c)(1) through 20(c)(3) include intercompany liabilities that are owed to affiliates or are derived from subordinated debt agreement(s) with affiliates that are considered capital under the SEC's net capital rule (Rule 15c3-1). The aggregate amount of that subordinated debt is reported in line 20(d).

### **Line Item 20(c)(1) Due to bank holding company (parent company only), gross.**

Report the amount of all intercompany liabilities that are owed to the reporting parent bank holding company. Such liabilities may consist of administrative service agreements, utilized lines of credit, management fees, advances or any other amounts due to the bank holding company parent.

### **Line Item 20(c)(2) Due to subsidiary banks of the bank holding company, gross.**

Report the amounts of all intercompany liabilities owed to the subsidiary banks and their subsidiaries of the bank holding company. Such liabilities may consist of short-term loans and transaction processing fees.

### **Line Item 20(c)(3) Due to the nonbank subsidiaries of the bank holding company, gross.**

Report the amount of all intercompany liabilities owed to the nonbank subsidiaries of the bank holding company. For savings and loan holding companies, the definition of nonbank subsidiary excludes federal savings associations, federal savings banks and thrift institutions.

### **Line Item 20(d) Intercompany liabilities reported in items 20.c(1), 20.c(2), and 20.c(3) above that qualify as liabilities subordinated to claims of general creditors.**

Report the amount of intercompany liabilities that are derived from subordinated debt agreement(s) that are

considered capital under SEC net capital rules (Rule 15c3-1).

### **Line Item 21 Net assets of subsidiaries engaged in insurance or reinsurance underwriting pursuant to Section 4(k)(4)(B) of the Bank Holding Company Act as amended by the Gramm—Leach—Bliley Act.**

*This item is to be completed only by the top-tier financial holding company in a multi-tiered organization (and single-tiered financial holding companies), and includes only newly authorized insurance underwriting activities permitted under the Gramm—Leach—Bliley Act.* A financial holding company is a U.S. bank holding company that has submitted a declaration to become a financial holding company with the appropriate Federal Reserve Bank and whose declaration has been determined to be effective as of the reporting period (e.g., March 31, June 30, September 30, or December 31). Report the total net assets for subsidiaries engaged in insurance or reinsurance underwriting pursuant to Section 4(k)(4)(B) of the Bank Holding Company Act as amended by the Gramm—Leach—Bliley Act. The definition of assets generally corresponds to Schedule HC, Balance Sheet, line 12. *Include* both domestic and foreign subsidiaries that are owned by the financial holding company. *Exclude* from this item:

- (1) intercompany assets and claims on affiliates that are eliminated when preparing consolidated financial statements for the financial holding company,
- (2) subsidiaries that engage solely in underwriting credit-related insurance that was permissible for bank holding companies to engage in prior to the Gramm—Leach—Bliley Act under Section 225.28(b)(11)(i) of Regulation Y, and
- (3) subsidiaries that are principally engaged in insurance agency activities.

### **Line Item 22 Address (URL) for the reporting bank holding company's web page that displays risk disclosures, including credit and market risks.**

*(This item is to be reported by bank holding companies with total assets of \$30 billion or more.)*

Report the bank holding company's Internet Web address, also known as the Uniform Resource Locator (URL), that the public enters into Internet browser software in order to access the bank holding company's risk disclosure

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## Schedule HC-M

information. Bank holding companies should provide the URL that links *directly* to the risk disclosure information on the bank holding company's web site or to a table that cross-references to the location of the disclosures on the web site. The risk disclosure information should include the information as outlined in SR letter 01-6. This risk information would typically be found in the management's discussion and analysis (MD&A) of Form 10-K and Form 10-Q filed with the SEC.

Each bank holding company should ensure that it accurately reports its URL. Do not provide an e-mail address in the space for the Web address. The URL reported in this item will be publicly available. Examples of URLs are [www.bhc.com/riskdisclosure](http://www.bhc.com/riskdisclosure) and [www.bhc.com/fin/](http://www.bhc.com/fin/); do not preface with <http://> because this is already included on the form.

### **Line Item 23 Secured liabilities.**

*(This item is to be completed by all bank holding companies.)*

Report in the appropriate subitem the carrying amount of federal funds purchased (in domestic offices) and "Other borrowings" that are secured, i.e., the carrying amount of these types of liabilities for which the bank holding company (or a consolidated subsidiary) has pledged securities, loans, or other assets as collateral.

#### **Line Item 23(a) Amount of "Federal funds purchased (in domestic offices)" that are secured.**

Report the carrying amount of federal funds purchased (in domestic offices) (as defined for Schedule HC, item 14(a)) that are secured.

#### **Line Item 23(b) Amount of "Other borrowings" that are secured.**

Report the carrying amount of "Other borrowings" (as defined for Schedule HC-M, item 14(d)) that are secured. Secured "Other borrowings" include, but are not limited to, transfers of financial assets accounted for as financing transactions because they do not satisfy the criteria for sale accounting under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, as amended), mortgages payable on bank holding company premises and other real estate owned, and obligations under capitalized leases.

### **Line Item 24 Issuances associated with the U.S. Department of Treasury Capital Purchase Program.**

Under the U.S. Department of Treasury Capital Purchase Program (CPP), the Treasury provides capital to participating bank holding companies by purchasing newly issued senior perpetual preferred stock and warrants to purchase common stock, depending on whether the bank holding company's common stock is "publicly traded." For such bank holding companies that are not publicly traded, the Treasury Department immediately exercises the warrants for senior perpetual preferred stock ("warrant preferred stock"). This perpetual preferred stock and warrant preferred stock is senior to the bank holding company's common stock and on par with the issuer's existing preferred shares. All senior perpetual preferred stock issued provides for cumulative dividends, but for regulatory capital purposes is treated the same as noncumulative perpetual preferred stock as an unrestricted core capital element included in Tier 1 capital.

#### **Line Item 24(a) Senior perpetual preferred stock or similar items**

Report the carrying amount of all senior perpetual preferred stock and all warrant preferred stock issued to the U.S. Department of Treasury (included in Schedule HC, item 23, "Perpetual preferred stock and related surplus.")

#### **Line Item 24(b) Warrants to purchase common stock or similar items**

Report the carrying amount of all warrants issued to the U.S. Department of Treasury to purchase common stock of the bank holding company that is included in equity capital on the balance sheet (included in Schedule HC, item 25, "Surplus," or Schedule HC, item 20, "Other liabilities.")

Warrants issued by a publicly traded bank holding company should be included in equity capital on the balance sheet provided the bank holding company has sufficient authorized but unissued shares of the common stock to allow exercise of the warrants and any other necessary shareholder approvals have been obtained. If the bank holding company does not have required shareholder approval, including shareholder approval for sufficient authorized but unissued shares of the common stock subject to the warrants that may be required for settlement, the warrants may be included in equity capital on

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## Schedule HC-M

the balance sheet provided that the bank holding company takes the necessary action to secure sufficient approvals prior to the end of the fiscal quarter in which

the warrants are issued. Warrants that are not eligible to be classified as equity capital should be reported as other liabilities on the balance sheet.

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## LINE ITEM INSTRUCTIONS FOR

# Past Due and Nonaccrual Loans, Leases, and Other Assets

## Schedule HC-N

### General Instructions

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

When a bank holding company services residential mortgage loans insured by the Federal Housing Administration (FHA) or the Farmers Home Administration (FmHA) or guaranteed by the Veterans Administration (VA) that back Government National Mortgage Association (GNMA) securities, i.e., “GNMA loans,” after it has securitized the loans in a transfer accounted for as a sale, ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, as amended) requires the bank holding company to bring individual delinquent GNMA loans that it previously accounted for as sold back onto its books as loan assets when, under the GNMA Mortgage-Backed Securities Guide, the loan meets GNMA’s specified delinquency criteria and is eligible for repurchase. This rebooking of GNMA loans is required regardless of whether the bank holding company, as seller-servicer, intends to exercise the repurchase (buy-back) option. A seller-servicer must report all delinquent rebooked GNMA loans that have been repurchased or are eligible for repurchase as past due in Schedule HC-N in accordance with their contractual repayment terms. In addition, if a bank holding company services GNMA loans, but was

not the transferor of the loans that were securitized, and purchases individual delinquent loans out of the GNMA securitization, the bank holding company must report the purchased loans as past due in Schedule HC-N in accordance with their contractual repayment terms even though the bank holding company was not required to record the delinquent GNMA loans as assets prior to purchasing the loans. Such delinquent GNMA loans should be reported in items 1(c), 11, and 11(b) of Schedule RC-N.

### Definitions

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

- (1) Closed-end installment loans, amortizing loans secured by real estate, and any other loans and lease financing receivables with payments scheduled monthly are to be reported as past due when the borrower is in arrears two or more monthly payments. (At a bank holding company’s option, loans and leases with payments scheduled monthly may be reported as past due when one scheduled payment is due and unpaid for 30 days or more.) Other multipayment obligations with payments scheduled other than monthly are to be reported as past due when one scheduled payment is due and unpaid for 30 days or more.
- (2) Open-end credit such as charge-card plans, check credit, and other revolving credit plans are to be

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## Schedule HC-N

reported as past due when the customer has not made the minimum payment for two or more billing cycles.

- (3) Single payment and demand notes, debt securities, and other assets providing for the payment of interest at stated intervals are to be reported as past due after one interest payment is due and unpaid for 30 days or more.
- (4) Single payment notes, debt securities, and other assets providing for the payment of interest at maturity are to be reported as past due after maturity if interest *or* principal remains unpaid for 30 days or more.
- (5) Unplanned overdrafts are to be reported as past due if the account remains continuously overdrawn for 30 days or more.

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

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

**Nonaccrual**—For purposes of this schedule, an asset is to be reported as being in nonaccrual status if: (1) it is maintained on a cash basis because of deterioration in the financial condition of the borrower, (2) payment in full of principal or interest is not expected, or (3) principal or interest has been in default for a period of 90 days or more unless the asset is *both* well secured *and* in the process of collection.

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

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

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

- (1) The criteria for accrual of income under the interest method specified in ASC Subtopic 310-30, *Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality* (formerly AICPA Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*), are met for a purchased impaired loan or debt security accounted for in accordance with that Subtopic, regardless of whether the loan or debt security had been maintained in nonaccrual status by its seller. For further information, see the Glossary entry for “purchased impaired loans and debt securities.”
- (2) The criteria for amortization (i.e., accretion of discount) specified in AICPA Practice Bulletin No. 6, *Amortization of Discounts on Certain Acquired Loans*, are met with respect to a loan or other debt instrument accounted for in accordance with that Practice Bulletin that was acquired at a discount (because there is uncertainty as to the amounts or timing of future cash flows) from an unaffiliated third party (such as another institution or the receiver of a failed institution), including those that the seller had maintained in nonaccrual status.
- (3) The asset upon which principal or interest is due and unpaid for 90 days or more is a consumer loan (as defined for Schedule HC-C, item 6, “Loans to individuals for household, family, and other personal expenditures”) or a loan secured by a 1-to-4 family residential property (as defined for Schedule HC-C, item 1(c), Loans “Secured by 1-4 family residential properties”). Nevertheless, such loans should be subject to other alternative methods of evaluation to assure that the bank holding company’s net income is not materially overstated. To the extent that the bank holding company has elected to carry such a loan in

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## Schedule HC-N

nonaccrual status on its books, the loan must be reported as nonaccrual in this schedule.

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

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

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

- (1) The asset has been formally restructured and qualifies for accrual status,
- (2) The asset is a purchased impaired loan or debt security accounted for in accordance with ASC Subtopic 310-30 and it meets the criteria for accrual of income under the interest method specified in that Subtopic,
- (3) The asset has been acquired at a discount (because there is uncertainty as to the amounts or timing of future cash flows) from an unaffiliated third party, is accounted for in accordance with AICPA Practice Bulletin No. 6, and meets the criteria for amortization (i.e., accretion of discount) specified in that Practice Bulletin, or
- (4) The borrower has resumed paying the full amount of the scheduled contractual interest and principal payments on a loan that is past due and in nonaccrual status, even though the loan has not been brought fully current, and certain repayment criteria are met.

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

**Restructured in Troubled Debt Restructurings**—A troubled debt restructuring is a restructuring of a loan in which a bank holding company, for economic or legal reasons related to a borrower’s financial difficulties, grants a concession to the borrower that it would not otherwise consider. For purposes of this schedule, the concession consists of a modification of terms, such as a reduction of the loan’s stated interest rate, principal, or accrued interest or an extension of the loan’s maturity

date at a stated interest rate lower than the current market rate for new debt with similar risk, regardless of whether the loan is secured or unsecured and regardless of whether the loan is guaranteed by the government or by others.

Once an obligation has been restructured in a troubled debt restructuring, it continues to be considered a troubled debt restructuring until paid in full or otherwise settled, sold, or charged off. However, if a restructured obligation is in compliance with its modified terms and the restructuring agreement specifies an interest rate that at the time of the restructuring is greater than or equal to the rate that the bank holding company was willing to accept for a new extension of credit with comparable risk, the loan need not continue to be reported as a troubled debt restructuring in calendar years after the year in which the restructuring took place. A loan extended or renewed at a stated interest rate equal to the current interest rate for new debt with similar risk is not considered a troubled debt restructuring. Also, a loan to a third party purchaser of “other real estate owned” by the reporting bank holding company for the purpose of facilitating the disposal of such real estate is not considered a troubled debt restructuring.

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

### Column Instructions

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

*Report in columns A and B* of Schedule HC-N (except for Memorandum item 6) the recorded investments (not just delinquent payments) of loans, leases, debt securities, and other assets that are past due and upon which the bank continues to accrue interest, as follows:

- (1) In column A, report closed-end monthly installment loans, amortizing loans secured by real estate, lease financing receivables, and open-end credit in arrears two or three monthly payments; other multipayment obligations with payments scheduled other than monthly when one scheduled payment is due and unpaid for 30 through 89 days; single payment and

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## Schedule HC-N

demand notes, debt securities, and other assets providing for payment of interest at stated intervals after one interest payment is due and unpaid for 30 through 89 days; single payment notes, debt securities, and other assets providing for payment of interest at maturity, on which interest *or* principal remains unpaid for 30 through 89 days after maturity; unplanned overdrafts, whether or not the bank holding company is accruing interest on them, if the account remains continuously overdrawn for 30 through 89 days.

- (2) In column B, report the loans, lease financing receivables, debt securities, and other assets as specified above on which payment is due and unpaid for 90 days or more.

Include in columns A and B, as appropriate (except for Memorandum item 6), all loans, leases, debt securities, and other assets which, subsequent to their restructuring by means of a modification of terms, have become 30 days or more past due and upon which the bank holding company continues to accrue interest. Exclude from columns A and B all loans, leases, debt securities, and other assets that are in nonaccrual status.

Report in columns A and B of Memorandum item 6 the fair value, if positive, of all interest rate, foreign exchange rate, equity and commodity and other derivative contracts on which a required payment by the bank holding company's counterparty is due and unpaid for 30 through 89 days and due and unpaid for 90 days or more, respectively.

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

### Item Instructions

The loan category definitions used in Schedule HC-N correspond with the loan category definitions found in Schedule HC-C. Consistent with Schedule HC-C, the category-by-category breakdown of loans and leases in Schedule HC-N includes (1) loans and leases held for sale and (2) loans and leases that the reporting bank

holding company has the intent and ability to hold for the foreseeable future or until maturity or payoff.

#### **Line Item 1 Loans secured by real estate.**

Report in the appropriate subitem and column all past due and nonaccrual loans secured by real estate included in Schedule HC-C, item 1. In addition, report in item 1(f), "In foreign offices" past due and nonaccrual loans and leases secured by real estate in foreign offices.

#### **Line Item 1(a) Construction, land development, and other land loans (in domestic offices).**

Report in the appropriate subitem and column the amount of all construction, land development, and other land loans (in domestic offices) included in Schedule HC-C, item 1(a), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.

#### **Line Item 1(a)(1) 1-4 family residential construction loans.**

Report in the appropriate column the amount of all 1-4 family residential construction loans (in domestic offices) included in Schedule HC-C, item 1(a)(1), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.

#### **Line Item 1(a)(2) Other construction loans and all land development and other land loans.**

Report in the appropriate column the amount of all other construction loans and all land development and other land loans (in domestic offices) included in Schedule HC-C, item 1(a)(2), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.

#### **Line Item 1(b) Secured by farmland in domestic offices.**

Report in the appropriate column all past due and nonaccrual loans in domestic offices secured by farmland and improvements thereon, included in Schedule HC-C, item 1(b).

#### **Line Item 1(c) Secured by 1-4 family residential properties in domestic offices.**

Report in the appropriate column all past due and nonaccrual loans in domestic offices secured by 1-4 family residential properties included in Schedule HC-C, item 1(c).

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# Schedule HC-N

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

Report in the appropriate column all past due and nonaccrual loans secured by revolving, open-end lines of credit secured by 1-to-4 family residential properties, included in Schedule HC-C, item 1(c)(1).

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

Report in the appropriate subitem and column the amount of all closed-end loans secured by 1–4 family residential properties (in domestic offices), included for Schedule HC-C, item 1(c)(2), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.

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

Report in the appropriate column the amount of all closed-end loans secured by first liens on 1–4 family residential properties (in domestic offices), included for Schedule HC-C, item 1(c)(2)(a), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.

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

Report in the appropriate column the amount of all closed-end loans secured by junior liens on 1–4 family residential properties (in domestic offices), included for Schedule HC-C, item 1(c)(2)(b), column B, that are past due 30 days or more or are in nonaccrual status as of the report date. Include loans secured by junior liens in this item even if the bank holding company also holds a loan secured by a first lien on the same 1–4 family residential property and there are no intervening junior liens.

**Line Item 1(d) Secured by multifamily (5 or more) residential properties in domestic offices.**

Report in the appropriate column all past due and nonaccrual loans secured by (5 or more) residential properties (in domestic offices) included in Schedule HC-C, item 1(d).

**Line Item 1(e) Secured by nonfarm nonresidential properties (in domestic offices).**

Report in the appropriate subitem and column the amount of all loans secured by nonfarm residential properties (in

domestic offices) included in Schedule HC-C, item 1(e), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.

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

Report in the appropriate column the amount of loans secured by owner-occupied nonfarm nonresidential properties (in domestic offices) included in Schedule HC-C, item 1(e)(1), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.

**Line Item 1(e)(2) Loans secured by other nonfarm nonresidential properties.**

Report in the appropriate column the amount of loans secured by other nonfarm nonresidential properties (in domestic offices) included in Schedule HC-C, item 1(e)(2), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.

**Line Item 1(f) Secured by loans in foreign offices.**

Report in the appropriate column all past due and nonaccrual loans secured by real estate in foreign offices included in Schedule HC-C, item 1, column A.

**Line Item 2 Loans to depository institutions and acceptances of other banks.**

Report in the appropriate column all past due and nonaccrual loans and acceptances of other banks included in Schedule HC-C, item 2.

**Line Item 2(a) U.S. banks and other U.S. depository institutions.**

Report in the appropriate column all past due and nonaccrual loans to and acceptances of U.S. banks and other depository institutions included on Schedule HC-C, item 2(a).

**Line Item 2(b) Foreign banks.**

Report in the appropriate column all past due and nonaccrual loans to and acceptances of foreign banks included in Schedule HC-C, item 2(b).

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## Schedule HC-N

### **Line Item 3 Loans to finance agricultural production and other loans to farmers.**

Report in the appropriate column all past due and non-accrual loans to finance agricultural production and other loans to farms included in Schedule HC-C, item 3.

### **Line Item 4 Commercial and industrial loans.**

Report in the appropriate column all past due and non-accrual commercial and industrial loans included in Schedule HC-C, item 4.

### **Line Item 5 Loans to individuals for household, family, and other personal expenditures.**

Report in the appropriate subitem and column the amount of all loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) included in Schedule HC-C, item 6, that are past due 30 days or more or are in nonaccrual status as of the report date.

#### **Line Item 5(a) Credit cards.**

Report in the appropriate column the amount of all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards included in Schedule HC-C, item 6(a), that are past due 30 days or more or are in nonaccrual status as of the report date.

#### **Line Item 5(b) Automobile loans.**

Report in the appropriate column the amount 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), that are past due 30 days or more or are in nonaccrual status as of the report date.

#### **Line Item 5(c) Other consumer loans (includes single payment, installment, all student loans, and revolving credit plans other than credit cards).**

Report in the appropriate column the amount of all other loans to individuals for household, family, and other personal expenditures included in Schedule HC-C, items 6(b) and 6(d), that are past due 30 days or more or are in nonaccrual status as of the report date.

### **Line Item 6 Loans to foreign governments and official institutions.**

Report in the appropriate column all past due and non-accrual loans to foreign governments and official institutions included in Schedule HC-C, item 7.

### **Line Item 7 All other loans.**

Report in the appropriate column all other past due and nonaccrual loans to nondepository financial institutions and other loans included in Schedule HC-C, item 9.

### **Line Item 8 Lease financing receivables (net of unearned income).**

Report in the appropriate subitem and column the amount of all lease financing receivables (net of unearned income) included in Schedule HC-C, item 10, that are past due 30 days or more or are in nonaccrual status as of the report date.

#### **Line Item 8(a) Leases to individuals for household, family, and other personal expenditures.**

Report in the appropriate column the amount of all leases (net of unearned income) to individuals for household, family, and other personal expenditures included in Schedule HC-C, item 10(a), column A, that are past due 30 days or more or are in nonaccrual status as of the report date.

#### **Line Item 8(b) All other leases.**

Report in the appropriate column the amount of all other leases (net of unearned income) included in Schedule HC-C, item 10(b), column A, that are past due 30 days or more or are in nonaccrual status as of the report date.

### **Line Item 9 Debt securities and other assets (exclude other real estate owned and other repossessed assets).**

Report in the appropriate column all assets other than loans and leases reportable in Schedule HC that are past due 30 days or more or are in nonaccrual status as of the report date. Include such assets as debt securities and interest-bearing balances due from depository institutions. Also include operating lease payments receivable that have been recorded as assets in Schedule HC, item 11, when the operating lease is past due 30 days or more or in nonaccrual status. Exclude other real estate owned reportable in Schedule HC, item 7, and other

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## Schedule HC-N

repossessed assets reportable in Schedule HC, item 11, such as automobiles, boats, equipment, appliances, and similar personal property.

### **Line Item 10 Total.**

Report the sum of items 1 through 9.

### **Line Item 11 Loans and leases reported in items 1 through 8 above that are wholly or partially guaranteed by the U.S. Government, excluding loans and leases covered by loss-sharing agreements with the FDIC.**

Report in the appropriate column the aggregate recorded investment in all loans and leases reported in Schedule HC-N, items 1 through 8, above for which repayment of principal is wholly or partially guaranteed or insured by the U.S. Government, including its agencies and its government-sponsored agencies, but excluding loans and leases covered by loss-sharing agreements with the FDIC, which are reported in Schedule HC-N, item 12, below. Examples include loans guaranteed by the Small Business Administration and the Federal Housing Administration. Amounts need not be reported in this item and in items 11(a) and 11(b) below if they are considered immaterial.

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

### **Line Item 11(a) Guaranteed portion of loans and leases included in item 11 above, excluding rebooked “GNMA loans.”**

Report in the appropriate column the maximum amount recoverable from the U.S. Government, including its agencies and its government-sponsored agencies, under the guarantee or insurance provisions applicable to the loans and leases included in Schedule HC-N, item 11, above.

Seller-servicers of GNMA loans should exclude all delinquent rebooked GNMA loans that have been repurchased or are eligible for repurchase from this item (report such rebooked GNMA loans in item 11(b) below). Servicers of GNMA loans should exclude individual delinquent

loans (for which they were not the transferor) that they have purchased out of GNMA securitizations from this item (report such purchased GNMA loans in item 11(b) below).

### **Line Item 11(b) Rebooked “GNMA loans” that have been repurchased or are eligible for repurchase included in item 11 above.**

Report in the appropriate column the recorded investment in:

- (1) Delinquent rebooked GNMA loans that have been repurchased or are eligible for repurchase by seller-servicers of GNMA loans; and
- (2) Delinquent loans that have been purchased out of GNMA securitizations by servicers of GNMA loans that were not the transferors of the loans.

### **Line Item 12 Loans and leases reported in items 1 through 8 above that are covered by loss-sharing agreements with the FDIC.**

Report in the appropriate subitem and column the aggregate recorded investment in all loans and leases covered by loss-sharing agreements with the FDIC and reported in Schedule HC-M, items 6(a)(1)(a)(1) through 6(a)(5), that have been included in Schedule HC-N, items 1 through 8, because they are past due 30 days or more or are in nonaccrual status as of the report date. Amounts need not be reported in Schedule HC-N, items 12(a)(1)(a) through 12(f), below if they are considered immaterial.

### **Line Item 12(a) Loans secured by real estate (in domestic offices):**

#### **Line Item 12(a)(1) Construction, land development, and other land loans:**

#### **Line Item 12(a)(1)(a) 1-4 family residential construction loans.**

Report in the appropriate column the amount of all covered 1-4 family residential construction loans reported in Schedule HC-M, item 6(a)(1)(a)(1), that are included in Schedule HC-N, item 1(a)(1), above because they are past due 30 days or more or are in nonaccrual status as of the report date.

#### **Line Item 12(a)(1)(b) Other construction loans and all land development and other land loans.**

Report in the appropriate column the amount of all other covered construction loans and all covered land development and other land loans reported in Schedule HC-M,

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## Schedule HC-N

item 6(a)(1)(a)(2), that are included in Schedule HC-N, item 1.a.(2), above because they are past due 30 days or more or are in nonaccrual status as of the report date.

### **Line Item 12(a)(2) Secured by farmland.**

Report in the appropriate column the amount of all covered loans secured by farmland reported in Schedule HC-M, item 6(a)(1)(b), that are included in Schedule HC-N, item 1(b), above because they are past due 30 days or more or are in nonaccrual status as of the report date.

### **Line Item 12(a)(3) Secured by 1-4 family residential properties:**

#### **Line Item 12(a)(3)(a) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.**

Report in the appropriate column the amount of all covered revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit loans held for sale and held for investment reported in Schedule HC-M, item 6(a)(1)(c)(1), that are included in Schedule HC-N, item 1(c)(1), above because they are past due 30 days or more or are in nonaccrual status as of the report date.

#### **Line Item 12(a)(3)(b) Closed-end loans secured by 1-4 family residential properties:**

##### **Line Item 12(a)(3)(b)(1) Secured by first liens.**

Report in the appropriate column the amount of all covered closed-end loans secured by first liens on 1-4 family residential properties reported in Schedule HC-M, item 6(a)(1)(c)(2)(a), that are included in Schedule HC-N, item 1(c)(2)(a), above because they are past due 30 days or more or are in nonaccrual status as of the report date.

##### **Line Item 12(a)(3)(b)(2) Secured by junior liens.**

Report in the appropriate column the amount of all covered closed-end loans secured by junior liens on 1-4 family residential properties reported in Schedule HC-M, item 6(a)(1)(c)(2)(b), that are included in Schedule HC-N, item 1(c)(2)(b), above because they are past due 30 days or more or are in nonaccrual status as of the report date.

### **Line Item 12(a)(4) Secured by multifamily (5 or more) residential properties.**

Report in the appropriate column the amount of all covered loans secured by multifamily (5 or more) residential properties reported in Schedule HC-M, item 6(a)(1)(d), that are included in Schedule HC-N, item 1(d), above because they are past due 30 days or more or are in nonaccrual status as of the report date.

### **Line Item 12(a)(5) Secured by nonfarm nonresidential properties:**

#### **Line Item 12(a)(5)(a) Loans secured by owner-occupied nonfarm nonresidential properties.**

Report in the appropriate column the amount of all covered loans secured by owner-occupied nonfarm nonresidential properties reported in Schedule HC-M, item 6(a)(1)(e)(1), that are included in Schedule HC-N, item 1(e)(1), above because they are past due 30 days or more or are in nonaccrual status as of the report date.

#### **Line Item 12(a)(5)(b) Loans secured by other nonfarm nonresidential properties.**

Report in the appropriate column the amount of all covered loans secured by other nonfarm nonresidential properties reported in Schedule HC-M, item 6(a)(1)(e)(2), that are included in Schedule HC-N, item 1(e)(2), above because they are past due 30 days or more or are in nonaccrual status as of the report date.

### **Line Item 12(b) Loans to finance agricultural production and other loans to farmers.**

Report in the appropriate column the amount of all covered loans to finance agricultural production and other loans to farmers reported in Schedule HC-M, item 6(a)(2), that are included in Schedule HC-N, item 3, above because they are past due 30 days or more or are in nonaccrual status as of the report date.

### **Line Item 12(c) Commercial and industrial loans.**

Report in the appropriate column the amount of all covered commercial and industrial loans reported in Schedule HC-M, item 6(a)(3), that are included in Schedule HC-N, item 4, above because they are past due 30 days or more or are in nonaccrual status as of the report date.

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# 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 bank 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 bank 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 bank 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 bank holding company's loss-sharing indemnification asset, which is reported in Schedule HC-F, item 6, "Other" assets.

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# Schedule HC-N

## Memoranda

### **Line Item M1 Loans restructured in troubled debt restructurings included in Schedule HC-N, items 1 through 7, above.**

Report in the appropriate subitem and column loans that have been restructured in troubled debt restructurings (as described in “Definitions” above) and are past due 30 days or more or are in nonaccrual status as of the report date. Such loans will have been included in one or more of the loan categories in items 1 through 7 of this schedule. Exclude all loans restructured in troubled debt restructurings that are in compliance with their modified terms (report in Schedule HC-C, Memorandum item 1).

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

### **Line Item M1(a) Construction, land development, and other land loans (in domestic offices):**

#### **Line Item M1(a)(1) 1-4 family construction loans.**

Report in the appropriate column all loans secured by real estate for the purpose of constructing 1-4 family residential properties included in item 1(a)(1) of this schedule 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.

#### **Line Item M1(a)(2) Other construction loans and all land development and other land loans.**

Report in the appropriate column all construction loans for purposes other than constructing 1-4 family residential properties, all land development loans, and all other land loans included in item 1(a)(2) of this schedule 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.

#### **Line Item M1(c) Loans secured by multifamily (5 or more) residential properties (in domestic offices).**

Report in the appropriate column all loans secured by multifamily (5 or more) residential properties (in domestic offices) included in item 1(d) of this schedule 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.

### **Line Item M1(d) Secured by nonfarm nonresidential properties (in domestic offices)**

#### **Line Item M1(d)(1) Loans secured by owner-occupied nonfarm nonresidential properties.**

Report in the appropriate column all loans secured by owner-occupied nonfarm nonresidential properties included in item 1(e)(1) of this schedule 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.

#### **Line Item M1(d)(2) Loans secured by other nonfarm nonresidential properties.**

Report in the appropriate column all nonfarm nonresidential real estate loans not secured by owner-occupied nonfarm nonresidential properties included in item 1(e)(2) of this schedule 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.

#### **Line Item M1(e) Commercial and industrial loans.**

Report all commercial and industrial loans included in item 4 of this schedule 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. Report a breakdown of these restructured loans between those to U.S. and non-U.S. addressees for the fully consolidated bank holding company in Memorandum items 1(e)(1) and (2).

#### **Line Item M1(e)(1) To U.S. addressees (domicile).**

Report in the appropriate column all commercial and industrial loans to U.S. addressees included in item 4(a) of this schedule 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.

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

Report in the appropriate column all commercial and industrial loans to non-U.S. addressees included in item 4(b) of this schedule that have been restructured in

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## 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 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 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; (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.

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## Schedule HC-N

**Line Item M4** Not applicable.

**Line Item M5** Loans and leases held for sale and loans measured at fair value.

Report in the appropriate subitem and column the amount of all loans and leases held for sale, whether measured at the lower of cost or fair value or at fair value under a fair value option, and all loans held for investment measured at fair value under a fair value option that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans and leases will have been included in one or more of the loan and lease categories in items 1 through 8 of Schedule HC-N above and would, therefore, exclude any loans classified as trading assets and included in Schedule HC, item 5.

**Line Item M5(a)** Loans and leases held for sale.

Report in the appropriate column the carrying amount of all loans and leases classified as held for sale included in Schedule HC, item 4(a), which are reported at the lower of cost or fair value or at fair value under a fair value option, that are past due 30 days or more or are in nonaccrual status as of the report date.

**Line Item M5(b)** Loans measured at fair value.

Report in the appropriate subitem and column the total fair value and unpaid principal balance of all loans held for investment that are measured at fair value under a fair value option included in Schedule HC, item 4(b), that are past due 30 days or more or are in nonaccrual status as of the report date.

**Line Item M5(b)(1)** Fair value.

Report in the appropriate column the total fair value of all loans held for investment that are measured at fair value under a fair value option included in Schedule HC, item 4(b), that are past due 30 days or more or are in nonaccrual status as of the report date.

**Line Item M5(b)(2)** Unpaid principal balance.

Report in the appropriate column the total unpaid principal balance of all loans held for investment that are measured at fair value under a fair value option included in Schedule HC, item 4(b), that are past due 30 days or more or are in nonaccrual status as of the report date.

**Line Item M6** Derivative contracts: Fair value of amounts carried as assets.

Report in the appropriate column the fair value of all credit derivative contracts (as defined for Schedule HC-L, item 7) and all interest rate, foreign exchange rate, equity, and commodity and other derivative contracts (as defined for Schedule HC-L, item 11) on which a required payment by the bank holding company's counterparty is past due 30 days or more as of the report date.

**Line Item M7** Additions to nonaccrual assets during the quarter.

Report the aggregate amount of all loans, leases, debt securities, and other assets (net of unearned income) that have been placed in nonaccrual status during the calendar quarter ending on the report date. Include those assets placed in nonaccrual status during the quarter that are included as of the quarter-end report date in Schedule HC-N, column C, items 1 through 9. Also include those assets placed in nonaccrual status during the quarter that, before the current quarter-end, have been sold, paid off, charged-off, settled through foreclosure or concession of collateral (or any other disposition of the nonaccrual asset) or have been returned to accrual status. In other words, the aggregate amount of assets placed in nonaccrual status since the prior quarter-end that should be reported in this item should not be reduced, for example, by any charge-offs or sales of such nonaccrual assets. If a given asset is placed in nonaccrual status more than once during the quarter, report the amount of the asset only once.

**Line Item M8** Nonaccrual assets sold during the quarter.

Report the total of the outstanding balances of all loans, leases, debt securities, and other assets held in nonaccrual status (i.e., reportable in Schedule HC-N, column C, items 1 through 9) that were sold during the calendar quarter ending on the report date. The amount to be included in this item is the outstanding balance (net of unearned income) of each nonaccrual asset at the time of its sale. Do not report the sales price of the nonaccrual assets and do not include any gains or losses from the sale. For purposes of this item, only include those transfers of nonaccrual assets that meet the criteria for a sale as set forth in ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and*

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## Schedule HC-N

*Extinguishments of Liabilities*, as amended). For further information, see the Glossary entry for “Transfers of financial assets.”

**Line Item M9 Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3).**

Report in the appropriate subitem and column the outstanding balance and carrying amount of “purchased credit-impaired loans” reported as held for investment in Schedule HC-C, Memorandum items 5(a) and 5(b), respectively, that are past due 30 days or more or are in nonaccrual status as of the report date. The carrying amount of such loans will have been included by loan category in items 1 through 7 of Schedule HC-N, above. Purchased credit-impaired loans are accounted for in accordance with ASC Subtopic 310-30, Receivables - Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, “Accounting for Certain Loans or Debt Securities Acquired in a Transfer”). Purchased credit-impaired loans are loans that an institution has purchased, including those acquired in a purchase business combination, where there is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the institution will be unable to collect all contractually required payments receivable. Loans

held for investment are those that the institution has the intent and ability to hold for the foreseeable future or until maturity or payoff.

**Line Item M9(a) Outstanding balance.**

Report in the appropriate column the outstanding balance of all purchased credit-impaired loans reported as held for investment in Schedule HC-C, Memorandum item 5(a), that are past due 30 days or more or are in nonaccrual status as of the report date. The outstanding balance is the undiscounted sum of all amounts, including amounts deemed principal, interest, fees, penalties, and other under the loan, owed to the institution at the report date, whether or not currently due and whether or not any such amounts have been charged off by the institution. However, the outstanding balance does not include amounts that would be accrued under the contract as interest, fees, penalties, and other after the report date.

**Line Item M9(b) Carrying amount included in Schedule HC-N, items 1 through 7, above.**

Report in the appropriate column the carrying amount (before any allowances established after acquisition for decreases in cash flows expected to be collected) of, i.e., the recorded investment in, all purchased credit-impaired loans reported as held for investment in Schedule HC-C, Memorandum item 5(b), that are past due 30 days or more or are in nonaccrual status as of the report date.

# 1–4 Family Residential Mortgage Banking Activities Schedule HC-P

## General Instructions

Schedule HC-P is to be completed by (1) all bank holding companies with \$1 billion or more in total assets and (2) those bank holding companies with less than \$1 billion in total assets where *any* of the following residential mortgage banking activities (in domestic offices) exceeds \$10 million for two consecutive quarters:

- (a) Closed-end and open-end first lien and junior lien 1-4 family residential mortgage loan originations and purchases for resale from all sources during a calendar quarter; or
- (b) Closed-end and open-end first lien and junior lien 1-4 family residential mortgage loan sales during a calendar quarter; or
- (c) Closed-end and open-end first lien and junior lien 1-4 family residential mortgage loans held for sale and held for trading at calendar quarter-end.

For purposes of measuring 1-4 family residential mortgage banking activities (at bank holding companies with less than \$1 billion in total assets) and reporting on these activities in Schedule HC-P, bank holding companies should include those 1-4 family residential mortgage loans that would be reportable as held for sale as well as those that would be reportable as held for trading.

For a bank holding company with less than \$1 billion in total assets, the bank holding company must complete Schedule HC-P beginning the second quarter in which the \$10 million threshold is exceeded and continue to complete the schedule through the end of the calendar year. Open-end mortgage banking activities should be measured using the "total commitment under the lines of credit" as defined below. For example, if the bank holding company's closed-end and open-end first and junior lien 1-4 family residential mortgage loan originations and purchases for resale from all sources exceeded \$10 million during the quarter ended June 30, 2010, and

the bank holding company's sales of such loans exceeded \$10 million during the quarter ended September 30, 2010, the bank holding company would be required to complete Schedule HC-P in its September 30 and December 31, 2010, FR Y-9C reports. If its total assets remain less than \$1 billion, the level of this bank holding company's mortgage banking activities during the fourth quarter of 2010 and the first quarter of 2011 would determine whether it would need to complete Schedule HC-P each quarter during 2011 beginning March 31, 2011.

For purposes of Schedule HC-P, closed-end 1-4 family residential mortgage loans are defined in Schedule HC-C, item 1(c)(2), "Closed-end loans secured by 1-4 family residential properties." All closed-end 1-4 family residential mortgage loans secured by junior (i.e., other than first) liens should be reported as junior liens in Schedule HC-P even if the bank has also originated or purchased a loan secured by a first lien on the same 1-4 family residential property and there are no intervening junior liens. Open-end 1-4 family residential mortgage loans are defined in Schedule HC-C, item 1(c)(1), "Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit." These Schedule HC-C definitions also apply to closed-end and open-end 1-4 family residential mortgage loans that would be reportable as held for trading in Schedule HC-D and in Schedule HC, item 5, "Trading assets."

For purposes of reporting on open-end loans extended under lines of credit in Schedule HC-P, the "total commitment under the lines of credit" is defined as the total amount of the lines of credit granted to customers at the time the open-end credits were originated. For retail and wholesale originations of such open-end loans, the "principal amount funded under the lines of credit" is defined as the initial fundings made to customers on newly established lines of credit. For open-end loans

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# Schedule HC-P

purchased, sold, held for sale, and repurchased or indemnified, the “principal amount funded under the lines of credit” is defined as the principal balance outstanding of loans extended under lines of credit at the transaction date or at quarter-end, as appropriate.

## **Line Item 1 Retail originations during the quarter of 1-4 family residential mortgage loans for sale.**

Report in the appropriate subitem retail originations of closed-end and open-end 1-4 family residential mortgage loans for resale during the calendar quarter ending on the report date. Include as retail originations those closed-end and open-end 1-4 family residential mortgage loans for which the origination and underwriting process was handled exclusively by the bank holding company or a consolidated subsidiary of the bank holding company. However, if the reporting bank holding company is acting merely as a broker or agent and forwards loan applications and supporting documentation to another party who closes or funds the loans in its name (even if the reporting bank holding company has some involvement in processing and underwriting the loans), the reporting bank holding company should not report these loans as originations or purchases in this schedule.

Exclude closed-end and open-end 1-4 family residential mortgage loans originated or purchased for the reporting bank holding company’s own loan portfolio.

### **Line Item 1(a) Closed-end first liens.**

Report the principal amount of retail originations of closed-end first lien 1-4 family residential mortgage loans for resale during the calendar quarter.

### **Line Item 1(b) Closed-end junior liens.**

Report the principal amount of retail originations of closed-end junior lien 1-4 family residential mortgage loans for resale during the calendar quarter.

### **Line Item 1(c) Open-end loans extended under lines of credit:**

#### **Line Item 1(c)(1) Total commitment under the lines of credit.**

Report the total amount of open-end commitments under retail originations of revolving, open-end lines of credit secured by 1-4 family residential properties for resale during the calendar quarter.

#### **Line Item 1(c)(2) Principal amount funded under the lines of credit.**

Report the total principal amount funded under open-end commitments arising from the retail originations of revolving, open-end lines of credit secured by 1-4 family residential properties for resale during the calendar quarter reported in item 1(c)(1) above.

### **Line Item 2 Wholesale originations and purchases during the quarter of 1-4 family residential mortgage loans for sale.**

Report in the appropriate subitem wholesale originations and purchases of closed-end and open-end 1-4 family residential mortgage loans for resale during the calendar quarter ending on the report date. Include as wholesale originations and purchases those closed-end and open-end 1-4 family residential mortgage loans for resale for which the origination and underwriting process was handled in whole or in part by another party, such as a correspondent or mortgage broker, even if the loan was closed in the name of the bank holding company or a consolidated subsidiary of the bank holding company (often referred to as “table funding arrangements”). Also include acquisitions of closed-end and open-end 1-4 family residential mortgage loans for resale that were closed in the name of a party other than the bank holding company or a consolidated subsidiary of the bank holding company. However, if the reporting bank holding company is acting merely as a broker or agent and forwards loan applications and supporting documentation to another party who closes or funds the loans in its name (even if the reporting bank holding company has some involvement in processing and underwriting the loans), the reporting bank holding company should not report these loans as originations or purchases in this schedule.

Exclude closed-end and open-end 1-4 family residential mortgage loans originated or purchased for the reporting bank holding company’s own loan portfolio.

#### **Line Item 2(a) Closed-end first liens.**

Report the principal amount of wholesale originations and purchases of closed-end first lien 1-4 family residential mortgage loans for resale during the calendar quarter.

#### **Line Item 2(b) Closed-end junior liens.**

Report the principal amount of wholesale originations and purchases of closed-end junior lien 1-4 family residential mortgage loans for resale during the calendar quarter.

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# Schedule HC-P

## **Line Item 2(c) Open-end loans extended under lines of credit:**

### **Line Item 2(c)(1) Total commitment under the lines of credit.**

Report the total amount of open-end commitments under wholesale originations and purchases of revolving, open-end lines of credit secured by 1-4 family residential properties for resale during the calendar quarter.

### **Line Item 2(c)(2) Principal amount funded under the lines of credit.**

Report the total principal amount funded under open-end commitments arising from the wholesale originations of revolving, open-end lines of credit secured by 1-4 family residential properties for resale during the calendar quarter reported in item 2(c)(1) above.

## **Line Item 3 1-4 family residential mortgage loans sold during the quarter.**

Report in the appropriate subitem closed-end and open-end 1-4 family residential mortgage loans sold during the calendar quarter ending on the report date. Include transfers of closed-end and open-end 1-4 family residential mortgage loans originated or purchased for resale from retail or wholesale sources that have been accounted for as sales in accordance with ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, as amended), i.e., those transfers where the loans are no longer included in the bank holding company's consolidated total assets. Also include all sales during the quarter of closed-end and open-end 1-4 family residential mortgage loans directly from the bank holding company's loan portfolio. For further information, see the Glossary entry for "transfers of financial assets."

### **Line Item 3(a) Closed-end first liens.**

Report the principal amount of closed-end first lien 1-4 family residential mortgage loans sold during the calendar quarter.

### **Line Item 3(b) Closed-end junior liens.**

Report the principal amount of closed-end junior lien 1-4 family residential mortgage loans sold during the calendar quarter.

## **Line Item 3(c) Open-end loans extended under lines of credit:**

### **Line Item 3(c)(1) Total commitment under the lines of credit.**

Report the total amount of open-end commitments under revolving, open-end lines of credit secured by 1-4 family residential properties sold during the calendar quarter.

### **Line Item 3(c)(2) Principal amount funded under the lines of credit.**

Report the total principal amount funded under open-end commitments associated with the revolving, open-end lines of credit secured by 1-4 family residential properties sold during the calendar quarter reported in item 3(c)(1) above.

## **Line Item 4 1-4 family residential mortgage loans held for sale or trading at quarter-end.**

Report in the appropriate subitem closed-end and open-end 1-4 family residential mortgages held for sale or trading as of the quarter-end report date and included in Schedule HC, item 4.a, "Loans and leases held for sale," and in Schedule HC, item 5, "Trading assets." Loans held for sale should be reported at the lower of cost or fair value consistent with their presentation in Schedule HC, item 4.a. Loans held for trading should be reported at fair value consistent with their presentation in Schedule HC, item 5. Closed-end and open-end 1-4 family residential mortgage loans held for sale or trading at quarter-end include any mortgage loans transferred at any time from the bank holding company's loan portfolio to a held-for-sale account or a trading account that have not been sold by quarter-end.

### **Line Item 4(a) Closed-end first liens.**

Report the carrying amount of closed-end first lien 1-4 family residential mortgage loans held for sale or trading at quarter-end.

### **Line Item 4(b) Closed-end junior liens.**

Report the carrying amount of closed-end junior lien 1-4 family residential mortgage loans held for sale or trading at quarter-end.

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# Schedule HC-P

## **Line Item 4(c) Open-end loans extended under lines of credit:**

### **Line Item 4(c)(1) Total commitment under the lines of credit.**

Report the total amount of open-end commitments under revolving, open-end lines of credit secured by 1-4 family residential properties held for sale or trading at quarter-end.

### **Line Item 4(c)(2) Principal amount funded under the lines of credit.**

Report the total principal amount funded under open-end commitments associated with the revolving, open-end lines of credit secured by 1-4 family residential properties held for sale or trading at quarter-end reported in item 4(c)(1) above.

## **Line Item 5 Noninterest income for the quarter from the sale, securitization, and servicing of 1-4 family residential mortgage loans.**

Report in the appropriate subitem the noninterest income earned during the calendar quarter ending on the report date from mortgage banking activities involving closed-end and open-end 1-4 family residential mortgage loans. Include the portion of the consolidated bank holding company's "Trading revenue," "Net servicing fees," "Net securitization income," and "Net gains (losses) on sales of loans and leases" (items 5(c), 5(f), 5(g), and 5(i) of Schedule HI) earned during the quarter that is attributable to closed-end and open-end 1-4 family residential mortgage loans.

### **Line Item 5(a) Closed-end 1-4 family residential mortgage loans.**

Report the noninterest income earned during the calendar quarter ending on the report date from the sale, securitization, and servicing of closed-end 1-4 family residential mortgage loans.

### **Line Item 5(b) Open-end 1-4 family residential mortgage loans extended under lines of credit.**

Report the noninterest income earned during the calendar quarter ending on the report date from the sale, securitization, and servicing of revolving, open-end lines of credit secured by 1-4 family residential properties.

## **Line Item 6 Repurchases and indemnifications of 1-4 family residential mortgage loans during the quarter.**

As a result of its 1-4 family residential mortgage banking activities, a bank holding company may be obligated to repurchase mortgage loans that it has sold or otherwise indemnify the loan purchaser against loss because of borrower defaults, loan defects, other breaches of representations and warranties, or for other reasons. Report in the appropriate subitem all 1-4 family residential mortgage loans previously sold by the bank holding company or a consolidated subsidiary subject to an obligation to repurchase or indemnify that have been repurchased or indemnified during the calendar quarter ending on the report date. Do not reduce this amount by any third-party indemnifications or reimbursements that the bank holding company has received.

Repurchased 1-4 family residential mortgage loans include loans that the bank holding company (or a consolidated subsidiary) had sold but subsequently repurchased under repurchase obligation provisions of the sales agreement because of a delinquency, noncompliance with the sellers' representations and warranties, fraud or misrepresentation, or any other contractual requirement. Exclude 1-4 family residential mortgage loans that have been repurchased solely at the discretion of the bank holding company (such as delinquent mortgage loans backing GNMA mortgage-backed securities), i.e., where the sales agreement contains a repurchase option (which may be conditional), but not a repurchase obligation.

Indemnifications of 1-4 family residential mortgage loans are limited to reimbursements to loan purchasers or other third parties for credit losses on loans that the bank holding company (or a consolidated subsidiary) has sold. Include reimbursements made on loans where the bank holding company has agreed with the purchaser or other third party not to repurchase the loan as required under the sales agreement, but rather to guarantee that no credit loss is sustained. Indemnifications also include loans for which payments have been made by the bank holding company (or a consolidated subsidiary) to purchasers or other third parties as reimbursements for deficiency balances arising from sales of real estate collateral (whether or not foreclosed) on loans that the bank holding company (or a consolidated subsidiary) has sold.

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## Schedule HC-P

Exclude indemnification arrangements that are limited to reimbursements of legal fees or administrative costs.

### **Line Item 6(a) Closed-end first liens.**

Report the total principal amount outstanding as of the date of repurchase or indemnification of closed-end first lien 1-4 family residential mortgage loans previously sold by the bank holding company or a consolidated subsidiary that have been repurchased or indemnified during the calendar quarter ending on the report date.

### **Line Item 6(b) Closed-end junior liens.**

Report the total principal amount outstanding as of the date of repurchase or indemnification of closed-end junior lien 1-4 family residential mortgage loans previously sold by the bank holding company or a consolidated subsidiary that have been repurchased or indemnified during the calendar quarter ending on the report date.

### **Line Item 6(c) Open-end loans extended under lines of credit:**

#### **Line Item 6(c)(1) Total commitment under the lines of credit.**

Report the total amount of open-end commitments under revolving, open-end lines of credit secured by 1-4 family residential properties that have been repurchased or indemnified during the calendar quarter ending on the report date.

#### **Line Item 6(c)(2) Principal amount funded under the lines of credit.**

Report the total principal amount funded under open-end commitments associated with the revolving, open-end lines of credit secured by 1-4 family residential properties reported in item 6(c)(1) above that have been repurchased or indemnified during the calendar quarter ending on the report date.

### **Line Item 7 Representation and warranty reserves for 1-4 family residential mortgage loans sold.**

When an institution sells or securitizes mortgage loans, it typically makes certain representations and warranties to the investors or other purchasers of the loans at the time of the sale and to financial guarantors of the loans sold. The specific representations and warranties may relate to the ownership of the loan, the validity of the lien securing the loan, and the loan's compliance with specified under-

writing standards. Under ASC Subtopic 450-20, Contingencies - Loss Contingencies (formerly FASB Statement No. 5, "Accounting for Contingencies"), an institution is required to accrue loss contingencies relating to the representations and warranties made in connection with their mortgage securitization activities and mortgage loan sales when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

Report in the appropriate subitem the amount of representation and warranty reserves included in Schedule HC-G, "Other liabilities," that the institution maintains for 1-4 family residential mortgage loans sold, including those mortgage loans transferred in securitizations accounted for as sales.

Amounts reported in Schedule HC-P, items 7(a) and 7(b), will not be made available to the public on an individual institution basis. Amounts reported in Schedule HC-P, item 7(c), will be publicly available.

### **Line Item 7(a) For representations and warranties made to U.S. Government agencies and Government-sponsored agencies.**

Report the amount of reserves that the institution maintains for representations and warranties made to U.S. Government agencies and Government-sponsored agencies in connection with sales of 1-4 family residential mortgage loans, including mortgage loans transferred in securitizations accounted for as sales.

U.S. Government agencies and Government-sponsored agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA).

### **Line Item 7(b) For representations and warranties made to other parties.**

Report the amount of reserves that the institution maintains for representations and warranties made to parties other than U.S. Government agencies and Government-sponsored agencies in connection with sales of 1-4 family residential mortgage loans, including mortgage loans transferred in securitizations accounted for as sales.

### **Line Item 7(c) Total representation and warranty reserves.**

Report the sum of items 7(a) and 7(b).

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## 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 bank holding companies. Bank 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).

### 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 bank 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 bank 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 1 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 bank 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 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 bank 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 bank 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

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## Schedule HC-Q

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 bank 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 bank 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 bank 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 bank 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 bank 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, and other categories of assets required to be measured at fair value on the balance sheet on a recurring basis under applicable accounting standards.

### **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 bank 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. 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 bank 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.

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# Schedule HC-Q

## **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 bank 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 bank 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 bank 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 and other categories of liabilities required to be

measured at fair value on the balance sheet on a recurring basis under applicable accounting standards.

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

Report the sum of items 8 through 13.

## **Memoranda**

### **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.”

### **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.”

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## LINE ITEM INSTRUCTIONS FOR

# Regulatory Capital Schedule HC-R

### General Instructions

*Note: Savings and loan holding companies (SLHCs) are not required to complete Schedule HC-R, Regulatory Capital, until the consolidated regulatory capital requirements for SLHCs are established.*

The instructions for Schedule HC-R should be read in conjunction with the capital guidelines issued by the Federal Reserve. Under the Federal Reserve's risk-based capital guidelines, assets and credit equivalent amounts of derivatives and off-balance sheet items are assigned to one of several broad risk categories according to the obligor, or, if relevant, the guarantor or the nature of the collateral. The aggregate dollar amount in each risk category is then multiplied by the risk weight associated with that category. The resulting weighted values from each of the risk categories are added together, and generally this sum is the bank holding company's total risk weighted assets which comprises the denominator of the risk-based capital ratio.

Risk weights for derivative contracts and off-balance sheet items are determined by a two-step process. First, the "credit equivalent amount" is determined. In the case of derivative contracts, the credit equivalent amount is the sum of the current credit exposure (fair value of the contract, if positive) and the potential future exposure. In the case of most off-balance sheet items, the credit equivalent amount is determined by multiplying the face value or notional amount of the off-balance sheet item by a credit conversion factor. Second, the credit equivalent amount is treated like a balance sheet asset and generally is assigned to the appropriate risk category according to the obligor or, if relevant, the guarantor or the nature of the collateral. A summary of the credit conversion factors for off-balance sheet items is presented below.

In general, if a particular asset, derivative contract, or off-balance sheet item has features that could place it in more than one risk category, it is assigned to the category

that has the lowest risk weight. For example, a holding of a U.S. municipal revenue bond that is fully guaranteed by a U.S. bank would be assigned the 20 percent risk weight appropriate to claims guaranteed by U.S. banks, rather than the 50 percent risk weight appropriate to U.S. municipal revenue bonds.

**At each bank holding company's option, assets and the credit equivalent amounts of derivative contracts and off-balance sheet items that are assigned to a risk weight category of less than 100 percent may be included in the amount reported for a higher risk weight category (e.g., the 100 percent category) than the risk weight category to which the asset or credit equivalent amount of the off-balance sheet item would otherwise be assigned.**

For risk-based capital purposes, the term "claim" refers to loans to, debt securities issued by, balances due from, accrued interest receivable from, and all other claims against the various entities with which the reporting bank holding company conducts its business.

If a reporting bank holding company has conveyed risk participations in bankers' acceptances, standby letters of credit, and commitments, it may segregate the amounts conveyed from the total outstanding amount. The bank holding company may then risk weight the amounts conveyed according to the guarantors (i.e., the parties that have acquired the conveyances) separately from the amounts retained if this results in a lower risk weight for the amounts conveyed.

When assets have been transferred with recourse, the amount of risk-based capital required to be maintained to support this exposure may not exceed the maximum amount of recourse for which the transferring institution is contractually liable under the recourse agreement. This rule applies to recourse transactions in which a bank holding company contractually limits its recourse exposure to less than the full effective minimum risk-based

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## Schedule HC-R

capital requirement for the assets transferred—generally, 4 percent for first lien residential mortgage loans and 8 percent for most other assets. These types of asset transfers are referred to as low level recourse transactions and should be reported in Schedule HC-R, item 50, column A.

*Credit Conversion Factors for Off-Balance Sheet Items*—A summary of the credit conversion factors follows. For further information on these factors, refer to the risk-based capital guidelines.

Off-balance sheet items subject to a 100 percent conversion factor:

- (1) Direct credit substitutes, including general guarantees of indebtedness and guarantee-type instruments, such as financial standby letters of credit.
- (2) Risk participations acquired in bankers acceptances and in direct credit substitutes such as financial standby letters of credit.
- (3) Sale and repurchase agreements and assets sold with recourse, if not included on the balance sheet, except low level recourse transactions and small business obligations transferred with recourse under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994, each of which is discussed below.
- (4) Forward agreements/contingent obligations to purchase assets with drawdown certain. (Exclude forward agreements that are reported as derivative contracts.)
- (5) Securities lent, if the lending bank holding company is exposed to risk of loss.

Off-balance sheet items subject to a 50 percent conversion factor:

- (1) Transaction-related contingencies, including performance standby letters of credit, shipside guarantees, bid bonds, performance bonds, and warranties.
- (2) Unused portions of commitments with an original maturity exceeding one year, including underwriting commitments and commercial credit lines.
- (3) Revolving underwriting facilities (RUFs), note issuance facilities (NIFs), and other similar arrangements, regardless of maturity.

Off-balance sheet items subject to a 20 percent conversion factor:

- (1) Short-term, self-liquidating, trade-related contingencies, including commercial letters of credit.

Off-balance sheet items subject to a zero percent conversion factor:

- (1) Unused portions of commitments with an original maturity of one year or less.
- (2) Unused portions of commitments (regardless of maturity) which are unconditionally cancellable at any time, provided a separate credit decision is made before each drawing.

### Tier 1 Capital

#### **Line Item 1 Total bank holding company equity capital.**

Report the amount of the bank holding company's total equity capital as reported in Schedule HC, item 27(a).

#### **Line Item 2 LESS: Net unrealized gains (losses) on available-for-sale securities (if a gain, report as a positive value; if a loss, report as a negative value).**

Report the amount of net unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes, that is included in Schedule HC, item 26(b), "Accumulated other comprehensive income." Also include any other-than-temporary impairment losses on both held-to-maturity and available-for-sale debt securities related to factors other than credit loss that are reported, net of applicable taxes, in Schedule HC, item 26(b), "Accumulated other comprehensive income." If the amount is a net gain, report it as a positive value in this item. If the amount is a net loss, report it as a negative value in this item.

#### **Line Item 3 LESS: Net unrealized loss on available-for-sale equity securities (report loss as a positive value).**

Report as a positive value the amount of any net unrealized holding loss on available-for-sale equity securities that is included in Schedule HC, item 26(b), "Accumulated other comprehensive income."

#### **Line Item 4 LESS: Accumulated net gains (losses) on cash flow hedges and amounts recorded in AOCI resulting from the initial and subsequent application of FASB ASC 715-20 (former FASB Statement No. 158) to defined benefit postretirement plans.**

Report the amount of accumulated net gains (losses) on cash flow hedges that is included in Schedule HC, item

# Schedule HC-R

26.b, “Accumulated other comprehensive income” (AOCI). Also include any amounts recorded in Schedule HC, item 26(b), net of applicable taxes, resulting from the initial and subsequent application of both the funded status and measurement date provisions of ASC Subtopic 715-20, Compensation-Retirement Benefits - Defined Benefit Plans-General (formerly FASB Statement No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans” (FAS 158)), thereby neutralizing for regulatory capital purposes the effect on AOCI of the application of ASC Subtopic 715-20.

If the sum of the amounts to be reported in this item for cash flow hedges and defined benefit postretirement plans represents a net gain (i.e., a net increase) in reported equity capital, report this sum as a positive value in this item. If the sum represents a net loss (i.e., a decrease) in reported equity capital, report this sum as a negative value in this item.

## Reporting of Qualifying Restricted Core Capital Elements in Tier 1 Capital

Effective March 31, 2011, the Federal Reserve implemented new limits on the inclusion of restricted core capital elements in tier 1 capital of bank holding companies. These new limits affect the reporting on Schedule HC-R, item 5, “LESS: Nonqualifying perpetual preferred stock;” item 6(b), “Qualifying restricted core capital elements (other than cumulative perpetual preferred stock);” item 6(c), “Qualifying mandatory convertible preferred securities of internationally active bank holding companies;” memoranda item 8(a), “Qualifying Class B noncontrolling (minority) interest;” memoranda item 8(b), “Qualifying Class C noncontrolling (minority) interest;” memoranda item 8(c), “Qualifying cumulative perpetual preferred stock;” and memoranda item 8(d), “Qualifying trust preferred securities.”

## Calculation Based on Limits Effective as of March 31, 2011

The aggregate amount of qualifying restricted core capital elements (qualifying cumulative perpetual preferred stock, qualifying trust preferred securities, qualifying mandatory convertible preferred securities, Class B and Class C noncontrolling (minority) interest), for a bank holding company that is not an internationally active bank holding company,<sup>1</sup> (included in Schedule HC-R,

1. For this purpose, an internationally active bank holding company is a

item 1, “Total bank holding company equity capital” and Schedule HC-R, item 6(b), “Qualifying restricted core capital elements (other than cumulative perpetual preferred stock”) is limited to one-third of the sum of unrestricted core capital elements (i.e., common stockholders’ equity, noncumulative perpetual preferred stock and Class A noncontrolling (minority) interest), net of goodwill less any deferred tax liability associated with that goodwill. Upon inclusion in tier 1 capital, this amount of qualifying restricted core capital elements will equal up to 25 percent of the sum of all qualifying core capital elements (qualifying common stockholders’ equity, qualifying noncumulative perpetual preferred stock and related surplus, Class A noncontrolling (minority) interest and qualifying restricted core capital elements), net of goodwill less any deferred tax liability associated with that goodwill (referred to as the 25 percent limit and is simply an arithmetic result of applying the “one-third” limit on inclusion above).

For an internationally active bank holding company, the aggregate amount of restricted core capital elements (other than qualifying mandatory convertible preferred securities) included in item 1 and item 6(b) is limited to 17.7 percent<sup>2</sup> of qualifying unrestricted core capital elements minus goodwill net of any deferred tax liability associated with that goodwill. Upon inclusion in tier 1 capital, this amount of qualifying restricted core capital elements will equal up to 15 percent of the sum of all qualifying core capital elements, including qualifying restricted core capital elements and qualifying mandatory convertible preferred securities, net of goodwill less any deferred tax liability associated with that goodwill. In addition to this 15 percent limit for qualifying restricted core capital elements, internationally active BHCs may include mandatory convertible preferred stock in an

bank holding company that (1) as of its most recent year-end FR Y-9C, reports total consolidated assets equal to \$250 billion or more or (2) on a consolidated basis, reports total on-balance-sheet foreign exposure of \$10 billion or more on its most recent year-end FFIEC 009 Country Exposure Report.

2. Note that this 17.7 percent is simply the percentage of unrestricted core capital elements (without inclusion of restricted core capital elements) that equals 15 percent of the sum of unrestricted core capital elements plus qualifying restricted core capital elements (limit applicable on March 31, 2011, to internationally active BHCs) when the maximum includible restricted core capital elements are included in the denominator. The one-third amount (33.3 percent) of unrestricted core capital elements is similarly used to compute the amount of restricted core capital elements that, when included in the denominator, equals the 25 percent limit of non-internationally active BHCs.

## Schedule HC-R

additional amount not to exceed 10 percent of qualifying core capital elements, thereby including an aggregate amount of restricted core capital elements plus mandatory convertible preferred securities in tier 1 capital up to the generally applicable 25 percent limit. Under the tighter limits effective as of March 31, 2011, the higher of the following two amounts is excluded from an internationally active bank holding company's tier 1 capital: (1) the amount of qualifying restricted core capital elements exceeding the 15 percent limit and (2) the aggregate amount of qualifying restricted core capital elements and qualifying mandatory convertible preferred securities exceeding the 25 percent limit.

### Examples of determining the amounts of qualifying restricted core capital elements reported in Tier 1 capital.

The following examples are intended to assist non-internationally active bank holding companies in determining the amount of qualifying restricted core capital elements included in tier 1 capital, and the line items on which to report such amounts based on the calculation described above.

**Example 1:** The bank holding company performs the calculation above and determines that it does not hold amounts of restricted core capital elements in excess of the 25 percent limit effective as of March 31, 2011.

**Assumptions:** The bank holding company holds the following amounts of core capital elements and goodwill:

- A. Qualifying cumulative perpetual preferred stock = \$10,000
- B. Qualifying Class A noncontrolling (minority) interests in consolidated subsidiaries = \$10,000
- C. Qualifying Class B noncontrolling (minority) interests in consolidated subsidiaries = \$0
- D. Qualifying Class C noncontrolling (minority) interests in consolidated subsidiaries = \$0
- E. Qualifying trust preferred securities = \$20,000
- F. Qualifying common stockholders' equity = \$100,000
- G. Qualifying noncumulative perpetual preferred stock = \$5,000
- H. Goodwill net of any associated deferred tax liability = \$10,000

**Calculation:** The maximum amount of qualifying restricted core capital elements eligible for inclusion in tier 1 capital under the limits applicable on March 31, 2011, is equal to one-third of the sum of unrestricted core capital elements (i.e., the sum of qualifying common stockholders' equity, noncumulative perpetual preferred securities, and Class A minority interest) minus goodwill net of any deferred tax liability associated with that goodwill. Using the lettering scheme from the assumptions above, this maximum amount (MAX) may be expressed as:

$$\begin{aligned} \text{MAX} &= 1/3[\text{B}+\text{F}+\text{G}-\text{H}] \\ \text{MAX} &= 1/3[\$10,000 + \$100,000 + \$5,000 - \$10,000] \\ \text{MAX} &= \$35,000 \end{aligned}$$

Using the lettering scheme from the assumptions above, the amount of qualifying restricted core capital elements (RCCE) may be expressed as:

$$\begin{aligned} \text{RCCE} &= \text{A}+\text{C}+\text{D}+\text{E} \\ \text{RCCE} &= \$10,000 + \$0 + \$0 + \$20,000 \\ \text{RCCE} &= \$30,000 \end{aligned}$$

Using the lettering scheme from the assumptions above, the sum of all qualifying core capital elements minus goodwill net of any associated deferred tax liability (CCE) may be expressed as:

$$\begin{aligned} \text{CCE} &= \text{RCCE} + [\text{B}+\text{F}+\text{G}-\text{H}] \\ \text{CCE} &= \$30,000 + \$10,000 + \$100,000 + \$5,000 - \\ &\quad \$10,000 \\ \text{CCE} &= \$135,000 \end{aligned}$$

Because the percentage of the sum of qualifying restricted core capital elements (RCCE) to the sum of all qualifying core capital elements minus goodwill net of any associated deferred tax liability (CCE) [ $\$30,000 / \$135,000 = 22.2$  percent] is within the 25 percent limitation, the bank holding company does not hold any amounts of excess restricted core capital. Based on the assumptions of this example, items 5, 6(a), 6(b), and memoranda items 8(a), 8(b), 8(c) and 8(d) on Schedule HC-R would be reported as follows:

|   |          |
|---|----------|
| Item 5: LESS: Nonqualifying perpetual preferred stock   | \$0      |
| Item 6(a) Qualifying Class A noncontrolling (minority) interests in consolidated subsidiaries | \$10,000 |

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|            |   |          |
|------------|---|----------|
| Item 6(b)  | Qualifying restricted core capital elements (other than cumulative perpetual preferred stock) | \$20,000 |
| Item M8(a) | Qualifying Class B noncontrolling (minority) interest (included in Tier 1 capital)            | \$0      |
| Item M8(b) | Qualifying Class C noncontrolling (minority) interest (included in Tier 1 capital)            | \$0      |
| Item M8(c) | Qualifying cumulative perpetual preferred stock (included in Tier 1 capital)                  | \$10,000 |
| Item M8(d) | Qualifying trust preferred securities (included in Tier 1 capital)                            | \$20,000 |

**Example 2:** The bank holding company performs the calculation above and determines that it does hold amounts of restricted core capital elements in excess of the 25 percent limit effective as of March 31, 2011.

*Assumptions:* The bank holding company holds the following amounts of equity capital components and goodwill:

- A. Qualifying cumulative perpetual preferred stock = \$20,000
- B. Qualifying Class A noncontrolling (minority) interests in consolidated subsidiaries = \$10,000
- C. Qualifying Class B noncontrolling (minority) interests in consolidated subsidiaries = \$5,000
- D. Qualifying Class C noncontrolling (minority) interests in consolidated subsidiaries = \$5,000
- E. Qualifying trust preferred securities = \$40,000
- F. Qualifying common stockholders' equity = \$100,000
- G. Qualifying noncumulative perpetual preferred stock = \$5,000
- H. Goodwill net of any associated deferred tax liability = \$10,000

*Calculation:*

The maximum amount of qualifying restricted core capital elements eligible for inclusion in tier 1 capital under the limits applicable on March 31, 2011, is equal to one-third of the sum of unrestricted core capital elements (i.e., the sum of qualifying common stockholders' equity,

noncumulative perpetual preferred securities, and Class A minority interest) minus goodwill net of associated deferred tax liability. Using the lettering scheme from the assumptions above, this maximum amount (MAX) may be expressed as:

$$\text{MAX} = 1/3[\text{B}+\text{F}+\text{G}-\text{H}]$$

$$\text{MAX} = 1/3[\$10,000 + \$100,000 + \$5,000 - \$10,000]$$

$$\text{MAX} = \$35,000$$

Using the lettering scheme from the assumptions above, the amount of qualifying restricted core capital elements (RCCE) may be expressed as:

$$\text{RCCE} = \text{A}+\text{C}+\text{D}+\text{E}$$

$$\text{RCCE} = \$20,000 + \$5,000 + \$5,000 + \$40,000$$

$$\text{RCCE} = \$70,000$$

The amount of excess restricted core capital elements (not eligible for inclusion in tier 1 capital, but generally eligible for inclusion in tier 2 capital) under the limit applicable on March 31, 2011, may be expressed as:

$$\text{Excess} = \text{RCCE} - \text{MAX}$$

$$\text{Excess} = \$70,000 - \$35,000$$

$$\text{Excess} = \$35,000$$

Based on the assumptions of this example, and assuming that the bank holding company chooses to designate \$20,000 of qualifying cumulative perpetual preferred stock and \$15,000 of qualifying trust preferred securities (of the \$35,000 excess) as tier 2 capital, items 5, 6(a), 6(b), 12, 13, and memoranda items 8(a), 8(b), 8(c) and 8(d) on Schedule HC-R would be reported as follows:

|           |   |          |
|-----------|---|----------|
| Item 5:   | LESS: Nonqualifying perpetual preferred stock   | \$20,000 |
| Item 6(a) | Qualifying Class A noncontrolling (minority) interests in consolidated subsidiaries   | \$10,000 |
| Item 6(b) | Qualifying restricted core capital elements (other than cumulative perpetual preferred stock)   | \$35,000 |
| Item 12   | Qualifying subordinated debt, redeemable preferred stock, and restricted core capital elements (except Class B noncontrolling (minority) interest) (eligible for inclusion in Tier 2 capital) | \$15,000 |

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|            |   |          |
|------------|---|----------|
| Item 13    | Cumulative perpetual preferred stock included in Item 5 and Class B noncontrolling (minority) interest not included in 6(b), but includible in Tier 2 capital | \$20,000 |
| Item M8(a) | Qualifying Class B noncontrolling (minority) interest (included in Tier 1 capital) (excluding amount of Class B included in item 10)                          | \$5,000  |
| Item M8(b) | Qualifying Class C noncontrolling (minority) interest (included in Tier 1 capital) (excluding amount of Class C included in item 10)                          | \$5,000  |
| Item M8(c) | Qualifying cumulative perpetual preferred stock (included in Tier 1 capital)  | \$0      |
| Item M8(d) | Qualifying trust preferred securities (included in Tier 1 capital)  | \$25,000 |

### **Line Item 5 LESS: Nonqualifying perpetual preferred stock.**

Report the portion of perpetual preferred stock (and any related surplus) included in Schedule HC, item 23 that does not qualify for inclusion in Tier 1 capital as determined in the section, "Reporting of Qualifying Restricted Core Capital Elements," described above. For bank holding companies, both cumulative and noncumulative perpetual preferred stock qualify for inclusion in Tier 1 capital. The includible amount of noncumulative perpetual preferred stock is not subject to an explicit limit in Tier 1 capital. However, the amount of cumulative perpetual preferred stock that may be included in a bank holding company's Tier 1 capital is subject to the overall limit of the aggregate amount of restricted core capital elements that may be included in a bank holding company's Tier 1 capital.

### **Line Item 6(a) Qualifying Class A noncontrolling (minority) interests in consolidated subsidiaries.**

Report the portion of Class A noncontrolling interests (also called minority interests) in consolidated subsidiaries included in Schedule HC, item 27.b, that is eligible for inclusion in Tier 1 capital based on the capital adequacy guidelines, as amended. Qualifying Class A

noncontrolling (minority) interest is defined as qualifying common stockholders' equity and noncumulative perpetual preferred equity instruments issued by a consolidated subsidiary that is a U.S. depository institution or a foreign bank, not attributable, directly or indirectly, to the parent bank holding company. Generally, bank holding companies may include in Tier 1 capital without an explicit limit its amount of Class A noncontrolling (minority) interests in equity capital accounts of such consolidated subsidiaries, unless such accounts would not otherwise qualify for inclusion in Tier 1 capital.

### **Line Item 6(b) Qualifying restricted core capital elements (other than cumulative perpetual preferred stock).**

Report the portion of restricted core capital elements (other than cumulative perpetual preferred stock included in item 1 above), that are eligible for inclusion in Tier 1 capital as determined in the section, "Reporting of Qualifying Restricted Core Capital Elements in Tier I Capital," described above. Restricted core capital elements (other than cumulative perpetual preferred stock) include trust preferred securities (both (1) subordinated notes payable to unconsolidated trusts issuing trust preferred securities net of the bank holding company's investment in the trust and (2) trust preferred securities issued by consolidated special purpose entities), and Class B and Class C noncontrolling (minority) interests. Class B noncontrolling interest is defined as cumulative perpetual preferred stock directly issued by a consolidated subsidiary that is a U.S. depository institution or foreign bank, not attributable, directly or indirectly, to the parent bank holding company. Class C noncontrolling interest is defined as common stockholders' equity or perpetual preferred stock issued by a consolidated subsidiary that is neither a U.S. depository institution nor a foreign bank, not attributable, directly or indirectly, to the parent bank holding company. For further information on trust preferred securities, see the glossary for "Trust preferred securities issued."

Exclude noncontrolling (minority) interest in small business investment companies, investment funds that hold nonfinancial equity investments, and subsidiaries engaged in nonfinancial activities that the bank holding company holds under appropriate legal authority. Also exclude any noncontrolling (minority) interests in consolidated asset-backed commercial paper conduits if the consolidated program assets are excluded from risk-weighted assets.

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# Schedule HC-R

## **Line Item 6(c) Qualifying mandatory convertible preferred securities of internationally active bank holding companies.**

Report the portion of mandatory convertible preferred securities of internationally active bank holding companies that are eligible for inclusion in Tier 1 capital as determined in the section, "Reporting of Qualifying Restricted Core Capital Elements in Tier I Capital," described above. Qualifying mandatory convertible preferred securities generally consist of the joint issuance by a BHC to investors of trust preferred securities and a forward purchase contract, which the investors fully collateralize with the securities, that obligates the investors to purchase a fixed amount of the BHC's unrestricted core capital elements, generally common or perpetual preferred securities, at a price set at initial issuance of the mandatory convertible preferred securities in no more than five years.

Also report in this item mandatory convertible preferred securities issued by bank holding companies that are not designated as internationally active.

## **Line Item 7(a) LESS: Disallowed goodwill and other disallowed intangible assets.**

Report the portion of goodwill included in Schedule HC, item 10(a), and the portion of other identifiable intangible assets included in Schedule HC-M, item 12(c), that does not qualify for inclusion in Tier 1 capital based on the capital guidelines. Generally, all goodwill reported in Schedule HC, item 10(a), and all other identifiable intangible assets reported in Schedule HC-M, item 12(c), do not qualify for Tier 1 capital and should be included in this item.

However, if the bank holding company has a deferred tax liability that is specifically related to (a) goodwill acquired in a taxable purchase business combination or (b) an intangible asset (other than servicing assets and purchased credit card relationships) acquired in a nontaxable purchase business combination that it chooses to net against the intangible asset for regulatory capital purposes, the amount of disallowed intangibles to be reported in this item should be reduced by the amount of this deferred tax liability. However, a deferred tax liability that the bank holding company chooses to net against the related intangible asset for purposes of this item may not also be netted against deferred tax assets when the bank holding company determines the amount of deferred tax

assets that are dependent upon future taxable income and calculates the maximum allowable amount of such deferred tax assets for regulatory capital purposes.

If the amount reported for other identifiable intangible assets in Schedule HC-M, item 12(c), includes intangible assets that were recorded on the reporting bank holding company's balance sheet on or before February 19, 1992, the remaining book value as of the report date of these intangible assets may be excluded from this item.

## **Line Item 7(b) LESS: Cumulative change in fair value of all financial liabilities accounted for under a fair value option that is included in retained earnings and is attributable to changes in the bank holding company's own creditworthiness.**

When determining the fair value of a financial liability reported on Schedule HC — Balance Sheet, that is accounted for under a fair value option, bank holding companies should consider the effect of a change in their own creditworthiness on the fair value of the liability. The Federal Reserve has determined that bank holding companies should exclude from Tier 1 capital the cumulative change in the fair value of financial liabilities accounted for under a fair value option that is included in retained earnings (Schedule HC, item 26(a)) and is attributable to changes in the bank holding company's own creditworthiness. Bank holding companies should report in this item the amount of this cumulative change, net of applicable taxes.

If the amount of the cumulative change is a net gain, report it as a positive value in this item. If the amount of the cumulative change is a net loss, report it as a negative value in this item.

## **Line Item 8 Subtotal.**

Report the sum of Schedule HC-R, items 1, 6(a), 6(b), and 6(c), less items 2, 3, 4, 5, and 7(a) and 7(b). The amount reported in this item should be used to determine the limitations on servicing assets and purchased credit card relationships for Schedule HC-R, item 9(a); deferred tax assets for Schedule HC-R, item 9(b); and credit-enhancing interest-only strips and nonfinancial equity investments for Schedule HC-R, item 10, below.

## **Line Item 9(a) LESS: Disallowed servicing assets and purchased credit card relationships.**

Report the portion of servicing assets and purchased credit card relationships included in Schedule HC-M,

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items 12(a) and 12(b), that does not qualify for inclusion in Tier 1 capital based on the capital guidelines. Generally, servicing assets and purchased credit card relationships (PCCRs) are limited to 100 percent of Tier 1 capital. In addition, nonmortgage servicing assets and PCCRs are subject to a separate sublimit of 25 percent of Tier 1 capital. Bank holding companies may use the following approach to determine the amount of disallowed servicing assets and PCCRs.

## Disallowed Mortgage Servicing Assets, Nonmortgage Servicing Assets, and PCCRs Calculation

- (a) Enter the amount from Schedule HC-R, item 8..... \_\_\_\_\_
- (b) Enter 25% of the amount in (a) above ..... \_\_\_\_\_
- (c) Enter the amount of nonmortgage servicing assets and PCCRs reported in Schedule HC-M, item 12(b) ..... \_\_\_\_\_
- (d) Enter 90% of the fair value of the nonmortgage servicing assets and PCCRs reported in (c) above ..... \_\_\_\_\_
- (e) Enter the lesser of (b), (c), or (d)..... \_\_\_\_\_
- (f) Minimum amount of nonmortgage servicing assets and PCCRs to be deducted from Tier 1 capital: subtract (e) from (c); enter 0 if the result is a negative amount... \_\_\_\_\_
- (g) Enter the amount of mortgage servicing assets reported in Schedule HC-M, item 12(a) ..... \_\_\_\_\_
- (h) Enter 90% of the estimated fair value of mortgage servicing assets reported in Schedule HC-M, item 12(a)(1)..... \_\_\_\_\_
- (i) Enter the lesser of (a), (g), or (h)..... \_\_\_\_\_
- (j) Minimum amount of mortgage servicing assets to be deducted from Tier 1 capital: subtract (i) from (g); enter 0 if the result is a negative amount ..... \_\_\_\_\_

- (k) Excess nonmortgage servicing assets, PCCRs, and mortgage servicing assets (i.e., the combined amount exceeding 100 percent of Tier 1 capital): sum of (e) and (i) minus (a); enter 0 if the result is a negative amount ..... \_\_\_\_\_
- (l) Disallowed nonmortgage servicing assets, PCCRs, and mortgage servicing assets: enter the sum of (f), (j), and (k) ..... \_\_\_\_\_

Bank holding companies are permitted, but not required, to deduct disallowed servicing assets on a basis that is net of a proportional amount of any associated deferred tax liability recorded on the balance sheet. Any deferred tax liability used in this manner would not be available for the bank holding company to use in determining the amount of disallowed deferred tax assets in Schedule HC-R, item 9(b), below.

## Line Item 9(b) LESS: Disallowed deferred tax assets.

Report the portion of net deferred tax assets included in Schedule HC-F, item 2, that does not qualify for inclusion in Tier 1 capital based on the capital guidelines. Generally, deferred tax assets that are dependent upon future taxable income are limited to the lesser of: (i) the amount of such deferred tax assets that the bank holding company expects to realize within one year of the calendar quarter-end date, based on its projected future taxable income for that year or (ii) 10% of the amount of the bank holding company's Tier 1 capital. A bank holding company may calculate one overall limit on deferred tax assets that covers all tax jurisdictions in which the bank holding company operates.

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

A bank holding company may use its future taxable income projection for its current fiscal year (adjusted for any significant changes that have occurred or are

# Schedule HC-R

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

Deferred tax assets which can be realized from taxes paid in prior carryback years and from future reversals of existing taxable temporary differences should generally not be reported in this item.

*Treatment of deferred tax assets relating to available-for-sale securities:* In accordance with ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*), available-for-sale securities are reported on the balance sheet at fair value, with unrealized holding gains and losses on such securities, net of tax effects, included in a separate component of equity capital. These tax effects may increase or decrease the reported amount of a bank holding company's deferred tax assets. The Federal Reserve excludes from regulatory capital the amount of net unrealized holding gains and losses on available-for-sale securities (except net unrealized holding losses on available-for-sale equity securities with readily determinable fair values). When determining the regulatory capital limit for deferred tax assets, a bank holding company may, but is not required to, adjust the amount of its deferred tax assets for any deferred tax assets and liabilities arising from marking-to-market available-for-sale debt securities for purposes of these reports. A bank holding company must follow a consistent approach with respect to such adjustments.

Bank holding companies may use the following approach to determine the amount of disallowed deferred tax assets.

## Disallowed Deferred Tax Assets Calculation

- (a) Enter the amount from Schedule HC-R, item 8 ..... \_\_\_\_\_
- (b) Enter 10% of the amount in (a) above ..... \_\_\_\_\_
- (c1) Enter the amount of deferred tax assets reported in Schedule HC-F, item 2 ..... \_\_\_\_\_

- (c2) Enter adjustments to the amount of deferred tax assets in (c1) above for: (1) the deferred tax effects of certain items reported in Schedule HC, item 26(b), "Accumulated other comprehensive income" (AOCI), that are excluded from regulatory capital (i.e., unrealized holding gains and losses on available-for-sale debt securities, other-than- temporary impairment losses on debt securities, and defined benefit postretirement plan amounts reported in AOCI),<sup>3</sup> and (2) any deferred tax liabilities the bank holding company has netted against assets deducted from Tier 1 capital<sup>4</sup> (i.e., disallowed mortgage and nonmortgage servicing assets, intangible assets acquired in nontaxable business combinations, goodwill acquired in taxable business combinations, disallowed credit-enhancing interest- only strips, and deducted nonfinancial equity investments) ..... \_\_\_\_\_
- (c3) Subtotal: (c1) plus or minus (c2), as appropriate ..... \_\_\_\_\_
- (d) Enter the amount of taxes previously paid that the bank holding company could recover through loss carrybacks if the bank holding company's temporary differences (both deductible and taxable) fully reverse at the report date ..... \_\_\_\_\_
- (e) Amount of deferred tax assets that is dependent upon future taxable income: subtract (d) from (c3); enter -0- if the result is a negative amount ..... \_\_\_\_\_

3. A bank holding company may, but is not required to, adjust for these deferred tax effects, but must follow a consistent approach over time with respect to these adjustments.

4. Any deferred tax liability netted in this manner cannot also be netted against deferred tax assets when determining the amount of deferred tax assets dependent upon future taxable income and the disallowed amount of deferred tax assets, if any, for regulatory capital purposes.

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- (f) Enter the portion of (e) that the bank holding company could realize within the next 12 months based on the estimated taxes payable on its projected future taxable income. Future taxable income should not include net operating loss carryforwards to be used during the next 12 months or existing temporary differences that are expected to reverse over the next 12 months ..... \_\_\_\_\_
- (g) Enter the lesser of (b) and (f) ..... \_\_\_\_\_
- (h) Disallowed net deferred tax assets: subtract (g) from (e); enter 0 if the result is a negative amount ..... \_\_\_\_\_

**Line Item 10 Other additions to (deductions from) Tier 1 capital.**

Report the amount of any additions to or deductions from Tier 1 capital based on the Federal Reserve’s capital guidelines for bank holding companies that are not included in Schedule HC-R, items 1 through 9(b), above.

For example, include the portion of credit-enhancing interest-only strips included in the bank holding company’s total assets that **does not** qualify for inclusion in Tier 1 capital based on the Federal Reserve’s capital guidelines. A credit-enhancing interest-only strip is defined in the capital guidelines as “an on-balance sheet asset that, in form or in substance: (i) represents the contractual right to receive some or all of the interest due on transferred assets; and (ii) exposes the bank holding company to credit risk directly or indirectly associated with the transferred assets that exceeds a pro rata share of the bank holding company’s claim on the assets, whether through subordination provisions or other credit enhancement techniques.” Credit-enhancing interest-only strips include other similar “spread” assets and can be either retained or purchased. In general, credit-enhancing interest-only strips are limited to 25 percent of Tier 1 capital. Bank holding companies may use the following approach to determine the amount of disallowed credit-enhancing interest-only strips.

**Disallowed Credit-Enhancing Interest-Only Strips Calculation**

- (a) Enter the amount from Schedule HC-R, item 8 ..... \_\_\_\_\_

- (b) Enter 25% of the amount in (a) above ..... \_\_\_\_\_
- (c) Retained credit-enhancing interest-only strips from Schedule HC-S, items 2(a) and 12: enter the fair value of those strips included in Schedule HC, item 5, “Trading assets,” and the amortized cost of those strips not held for trading<sup>5</sup> ..... \_\_\_\_\_
- (d) Purchased credit-enhancing interest-only strips included in Schedule HC-S, item 9: enter the fair value of those strips included in Schedule HC, item 5, “Trading assets,” and the amortized cost of those strips not held for trading<sup>7</sup> ..... \_\_\_\_\_
- (e) Total credit-enhancing interest-only strips: enter the sum of (c) and (d) ..... \_\_\_\_\_
- (f) Enter the lesser of (b) and (e) ..... \_\_\_\_\_
- (g) Disallowed credit-enhancing interest-only strips: subtract (f) from (e); enter 0 if the result is a negative amount ..... \_\_\_\_\_

If the bank holding company has disallowed credit-enhancing interest-only strips, i.e., line (g) in the preceding calculation is a positive amount, include this amount as a deduction from Tier 1 capital in this item. Bank holding companies are permitted, but not required, to deduct disallowed credit-enhancing interest-only strips, i.e., the amount from line (g) above, on a basis that is net of a proportional amount of any associated deferred tax liability recorded on the balance sheet. Any deferred tax liability used in this manner would not be available for the bank holding company to use in determining the amount of disallowed deferred tax assets in Schedule HC-R, item 9(b), above.

If a bank holding company has **nonfinancial equity investments** that are subject to Tier 1 capital deductions, these deductions should be reported in this item. Under the Federal Reserve’s capital rules on nonfinancial equity

5. While credit-enhancing interest-only strips not held for trading are reported at fair value in Schedule HC-S, the amortized cost of these strips should be used in this calculation.

6. Also include any purchased interest-only strips that act as credit enhancements for assets that have not been securitized because these strips are not reported in Schedule HC-S, item 9.

7. See footnote 5 above.

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investments, which were published on January 25, 2002, a nonfinancial equity investment is any equity investment that a bank holding company holds in a nonfinancial company:<sup>8</sup>

- under the merchant banking authority of section 4(k)(4)(H) of the Bank Holding Company Act and subpart J of Federal Reserve Regulation Y,
- under the authority to acquire up to 5 percent of the voting shares of any company under section 4(c)(6) or (7) of the Bank Holding Company Act,
- through a small business investment company (SBIC) under section 302(b) of the Small Business Investment Act of 1958 (15 U.S.C. 682(b)),<sup>9</sup>
- under the portfolio investment provisions of Federal Reserve Regulation K (12 CFR 211.8(c)(3)), or
- under section 24 of the Federal Deposit Insurance Act (12 U.S.C. 1831a). However, investments made by state banks under section 24(f) of the Federal Deposit Insurance Act are exempt from these capital rules and are not subject to any Tier 1 capital deductions.

The capital guidelines impose Tier 1 capital deductions on nonfinancial equity investments that increase as the aggregate amount of nonfinancial equity investments held by a bank holding company increases. These marginal capital charges are based on the adjusted carrying value of the investments as a percent of the bank holding company's Tier 1 capital as calculated in item 8 of Schedule HC-R. The total adjusted carrying value of a nonfinancial equity investment that is subject to the Tier 1 deduction is excluded from risk-weighted assets for purposes of computing the bank holding company's risk-based capital

8. Generally, this capital calculation does not apply to investments in nonconvertible senior or subordinated debt, equity investments in a company that engages only in activities that are permissible for a bank holding company to conduct, equity investments in community development corporations under 12 U.S.C. 24(Eleventh) that promote the public welfare, equity securities acquired in satisfaction of a debt previously contracted that are held and divested in accordance with applicable law, unexercised warrants acquired by a bank holding company as additional consideration for making a loan that are not held under the legal authorities covered by this rule, equity investments made by an insurance underwriting affiliate, equity investments held by a securities broker or dealer as part of an underwriting/market making/dealing activity, or equity instruments held as a hedge of an equity derivative transaction.

9. An equity investment made under section 302(b) of the Small Business Investment Act of 1958 in an SBIC that is not consolidated with the bank holding company is treated as a nonfinancial equity investment.

ratio and from average assets for purposes of computing the Tier 1 leverage ratio. The adjusted carrying value is the value at which the investment is recorded on the balance sheet of the banking organization, reduced by (i) any net unrealized gains that are included in the carrying value but that have not been included in Tier 1 capital and (ii) any associated deferred tax liabilities.

The following table details the marginal capital charges for nonfinancial equity investments:

### Deduction for Nonfinancial Equity Investments

| <i>Aggregate adjusted carrying value of all nonfinancial equity investments held directly or indirectly by the bank holding company (as a percentage of Tier 1 capital as reported in Schedule HC-R, item 8)</i> | <i>Deduction from Tier 1 capital as a percentage of the adjusted carrying value of the investment</i> |
|--|---|
| Less than 15% .....  | 8%  |
| Greater than or equal to 15% but less than 25% .....   | 12%   |
| Greater than or equal to 25% .....   | 25%   |

NOTE: "High concentrations" (generally more than 50% of Tier 1 capital) of nonfinancial equity investments will be monitored and may be subject to heightened supervision and a higher minimum capital requirement.

These deductions are applied on a marginal basis to the portions of the adjusted carrying value of nonfinancial equity investments that fall within the specified ranges of Tier 1 capital. For example, if the adjusted carrying value of all nonfinancial equity investments held by a bank holding company equals 20 percent of the bank holding company's Tier 1 capital, then the amount of the deduction would be 8 percent of the adjusted carrying value of all investments up to 15 percent of Tier 1 capital, and 12 percent of the adjusted carrying value of all investments in excess of 15 percent of Tier 1 capital.

Nonfinancial equity investments that are covered by the agencies' capital rules, but which are not subject to any Tier 1 capital deductions, generally include the following:

*SBIC investments.* Nonfinancial equity investments held by a bank holding company through one or more SBICs under section 302(b) of the Small Business Investment Act are not subject to the marginal capital charges to the

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## Schedule HC-R

extent that the aggregate adjusted carrying value of all such investments does not exceed 15% of Tier 1 capital. The adjusted carrying value of all SBIC investments, however, must be included in the total amount of nonfinancial equity investments held by the bank holding company when determining the total amount of these investments in relation to Tier 1 capital for purposes of computing the bank holding company's marginal capital charge.

Nonfinancial equity investments that are held through or in SBICs and are not required to be deducted from Tier 1 capital continue to be included in average total assets for the leverage ratio calculation and in risk-weighted assets (at a 100% risk weight) for the risk-based capital calculations.

*Grandfathered nonfinancial equity investments.* Nonfinancial equity investments made by a bank holding company prior to March 13, 2000, or that were made by a bank holding company after that date pursuant to a binding written commitment entered into prior to March 13, 2000, are not subject to the marginal capital charge. The adjusted carrying value of these grandfathered assets, however, must be included in the total amount of nonfinancial equity investments held by the bank holding company when determining the total amount of these investments in relation to Tier 1 capital for purposes of computing the bank holding company's marginal capital charge.

Grandfathered nonfinancial equity investments continue to be included in average total assets for the leverage ratio calculation and in risk-weighted assets (at a 100% risk weight) for the risk-based capital calculations.

In addition, for purposes of the item, bank holding companies are to report as a deduction from Tier 1 capital 50 percent of the aggregate amount of its investments in banking and finance subsidiaries that are not consolidated for accounting or regulatory reporting purposes. For further information, refer to the capital guidelines.

If the amount to be reported is a net deduction, report with a minus (-) sign.

NOTE: Investments in "financial subsidiaries," as defined by the Gramm-Leach-Bliley Act, that are deducted from banks' regulatory capital on the Reports of Condition and Income (FFIEC 031 and 041 reports) should not be deducted by bank holding companies when

determining the consolidated regulatory capital for bank holding companies.

### **Line Item 11 Tier 1 capital.**

Report the sum of Schedule HC-R, items 8 and 10, less items 9(a) and 9(b). The amount reported in this item is the numerator of the bank holding company's Tier 1 risk-based capital ratio and its Tier 1 leverage ratio.

### Tier 2 Capital

#### **Line Item 12 Qualifying subordinated debt, redeemable preferred stock, and restricted core capital elements (except Class B noncontrolling (minority) interest) not includible in items 6(b) or 6(c).**

Report the portion of the bank holding company's qualifying limited-life capital instruments (including restricted core capital elements) that is excluded from Tier 1 capital but is includible in Tier 2 capital as determined in the section, "Reporting of Qualifying Restricted Core Capital Elements," described above. This amount is the sum of:

- (1) the portion of qualifying subordinated debt and limited-life preferred stock includible in Tier 2 capital, and
- (2) the portion of qualifying restricted core capital elements, comprised of qualifying trust preferred securities (i.e., the sum of (1) subordinated notes payable to unconsolidated trusts issuing trust preferred securities net of the bank holding company's investment in the trust and (2) trust preferred securities issued by consolidated special purpose entities, and Class C noncontrolling (minority) interests) includible in Tier 2 capital.

Effective as of March 31, 2011, the maximum aggregate amount of the items described in (1) and (2) above, includible in Tier 2 capital, is limited to 50 percent of Tier 1 capital (as reported in Schedule HC-R, item 11).

In the case of trust preferred securities issued through a nonconsolidated trust, in the last five years before the maturity of the junior subordinated notes held by the trust, the outstanding amount of the associated trust preferred securities is excluded from Tier 1 capital and included in Tier 2 capital. Upon inclusion in Tier 1 capital, the trust preferred securities are subject to certain amortization provisions and quantitative restrictions,

# Schedule HC-R

applicable to limited-life capital instruments (e.g., limited-life preferred stock and subordinated debt). As a limited-life capital instrument approaches maturity, it begins to take on characteristics of a short-term obligation. For this reason, the outstanding amount of term subordinated debt and limited-life preferred stock eligible for inclusion in Tier 2 capital is reduced, or discounted, as these instruments approach maturity: one-fifth of the outstanding amount is excluded each year during the instrument's last five years before maturity. When remaining maturity is less than one year, the instrument is excluded from tier 2 capital.

For limited-life capital instruments with serial maturities or with sinking fund provisions, the amount associated with each maturity date is to be treated as a separate issue and discounted on an individual basis. If the holder of the reporting bank holding company's subordinated debt or limited-life preferred stock has the right to require

the bank holding company to redeem, repay, or repurchase the instrument prior to the original stated maturity, then maturity would be defined as the earliest possible date on which the holder can put the instrument back to the issuing bank holding company.

Qualifying term subordinated debt and limited-life preferred stock (including any related surplus) must have an original weighted average maturity of at least five years. Limited-life preferred stock includes those issues of preferred stock with an original maturity of less than 20 years. Mandatory convertible debt, i.e., equity contract notes, is not considered a limited-life capital instrument for risk-based capital purposes and should be excluded from this item.

The portion of qualifying term subordinated debt and limited-life preferred stock that remains after discounting and is includible in Tier 2 capital is limited to 50 percent of Tier 1 capital. This portion is calculated as follows:

|  |       |                |
|--|-------|----------------|
| (A1) Amount of subordinated debt and limited-life preferred stock with a remaining maturity of more than five years .....                            | _____ | × 100% = _____ |
| (A2) Amount of subordinated debt and limited-life preferred stock with a remaining maturity of more than four years, but less than five years .....  | _____ | × 80% = _____  |
| (A3) Amount of subordinated debt and limited-life preferred stock with a remaining maturity of more than three years, but less than four years ..... | _____ | × 60% = _____  |
| (A4) Amount of subordinated debt and limited-life preferred stock with a remaining maturity of more than two years, but less than three years .....  | _____ | × 40% = _____  |
| (A5) Amount of subordinated debt and limited-life preferred stock with a remaining maturity of more than one year, but less than two years .....     | _____ | × 20% = _____  |
| (A6) Amount of subordinated debt and limited-life preferred stock with a remaining maturity of one year or less .....                                | _____ | × 0% = _____   |
| (A7) Qualifying subordinated debt and limited-life preferred stock (sum of discounted amounts of lines (A1) through (A6)) .....                      | _____ | _____          |
| (A8) Tier 1 capital (from Schedule HC-R, item 11) .....  | _____ | _____          |
| (A9) Multiplied by 50 percent .....  | _____ | × 50% = _____  |
| (A10) Limit for qualifying subordinated debt and limited-life preferred stock (line (A8) multiplied by 50 percent) .....                             | _____ | _____          |
| (A11) Portion of qualifying subordinated debt and limited-life preferred stock includible in Tier 2 capital (lesser of lines (A7) and (A10)) .....   | _____ | _____          |

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## Schedule HC-R

Report the amount from line (A11) above in Schedule HC-R, item 12.

**Line Item 13 Cumulative perpetual preferred stock included in item 5 and Class B noncontrolling (minority) interest not included in 6(b), but includible in Tier 2 capital.**

Report the amount of outstanding cumulative perpetual preferred stock (included in Schedule HC, item 23) and Class B noncontrolling (minority) interest (included in Schedule HC, item 27(b)) that exceed the limits for tier 1 capital (as determined in the section, "Reporting of Qualifying Restricted Core Capital Elements in Tier 1 Capital," described above), and, therefore, was excluded from tier 1 capital (included in item 5 or excluded from item 6(b), above). Include amounts of cumulative perpetual preferred stock received in excess of its par or stated value that were excluded from tier 1 capital. Also include perpetual preferred stock issues that were excluded from tier 1 capital such as noncumulative perpetual preferred where the dividend is reset periodically based, in whole or in part, upon the bank holding company's current credit standing (including, but not limited to, auction rate, money market, and remarketable preferred stock).

**Line Item 14 Allowance for loan and lease losses includible in Tier 2 capital.**

Report the portion of the bank holding company's allowance for loan and lease losses that is includible in Tier 2 capital. (None of the bank holding company's allocated transfer risk reserve, if any, is includible in Tier 2 capital.) The amount reported in this item cannot exceed 1.25 percent of the bank holding company's gross risk-weighted assets. For risk-based capital purposes, the allowance for loan and lease losses is the sum of Schedule HC, item 4(c), "Allowance for loan and lease losses," less Schedule HI-B, part II, memorandum item 1, "Allocated transfer risk reserve included in Schedule HI-B, part II item 7," plus Schedule HC-G, item 3, "Allowance for credit losses on off-balance sheet credit exposures."

Gross risk-weighted assets is reported in Schedule HC-R, item 59. If the bank holding company has any low-level exposure transactions or residual interests and chooses to use the "direct reduction method" for reporting these transactions in Schedule HC-R, refer to the discussion of this subject in the instructions for Sched-

ule HC-R, item 50, "Recourse and direct credit substitutes (other than financial standby letters of credit) subject to the low level exposure rule and residual interests subject to a dollar-for-dollar capital requirement," for guidance on determining the limit on the allowance for loan and lease losses for Tier 2 capital purposes.

**Line Item 15 Unrealized gains on available-for-sale equity securities includible in Tier 2 capital.**

Report the pretax net unrealized holding gain (i.e., the excess of fair value as reported in Schedule HC-B, item 7, column D, over historical cost as reported in Schedule HC-B, item 7, column C), if any, on available-for-sale equity securities that is includible in Tier 2 capital subject to the limits specified by the capital guidelines. The amount reported in this item cannot exceed 45 percent of the bank holding company's pretax net unrealized holding gain on available-for-sale equity securities with readily determinable fair values.

**Line Item 16 Other Tier 2 capital components.**

Report the amount of any items that qualify for inclusion in Tier 2 capital based on the capital guidelines that are not included in Schedule HC-R, items 12 through 15, above. Include mandatory convertible debt, i.e., equity contract notes, which is a form of subordinated debt that obligates the holder to take the common or perpetual preferred stock of the issuer in lieu of cash for repayment of principal. For purposes of this item, bank holding companies are to report as a deduction from Tier 2 capital 50 percent of the aggregate amount of its investments in banking and finance subsidiaries that are not consolidated for accounting or regulatory reporting purposes. For further information, refer to the capital guidelines.

If the amount to be reported is a net deduction, report with a minus (-) sign.

**Line Item 17 Tier 2 capital.**

Report the sum of Schedule HC-R, items 12 through 16.

**Line Item 18 Allowable Tier 2 capital.**

Report the amount of the bank holding company's allowable Tier 2 capital. The maximum amount of Tier 2 capital that is allowable in a bank holding company's qualifying total capital is 100 percent of Tier 1 capital. The amount reported in this item must be the lesser of

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## Schedule HC-R

Schedule HC-R, item 11, “Tier 1 capital,” and item 17, “Tier 2 capital.”

### **Line Item 19 Tier 3 capital allocated for market risk.**

Report the amount of the bank holding company’s Tier 3 capital allocated for market risk. This item is only applicable to bank holding companies that are subject to the market risk capital guidelines. The amount reported in this item may only be used to satisfy the bank holding company’s market risk capital requirement and may not be used to support credit risk. The sum of the amount reported in this item and the amount reported in Schedule HC-R, item 18, “Allowable Tier 2 capital,” must be less than or equal to the amount reported in Schedule HC-R, item 11, “Tier 1 capital.” In addition, Tier 3 capital allocated for market risk plus Tier 2 capital allocated for market risk are limited to 71.4 percent of a bank holding company’s measure for market risk.

### **Line Item 20 LESS: Deductions for total risk-based capital.**

Report the amount of any intentional reciprocal cross-holdings of banking organizations’ capital instruments, and any other deductions for total risk-based capital as determined by the Federal Reserve or the capital guidelines.

NOTE: Investments in “financial subsidiaries,” as defined by the Gramm–Leach–Bliley Act, that are deducted from banks’ regulatory capital on the Reports of Condition and Income (FFIEC 031 and 041 reports) should not be deducted by bank holding companies when determining the consolidated regulatory capital for bank holding companies.

### **Line Item 21 Total risk-based capital.**

Report the sum of Schedule HC-R, items 11, 18, and 19, less item 20. The amount reported in this item is the numerator of the bank holding company’s total risk-based capital ratio.

### **Total assets for leverage ratio**

#### **Line Item 22 Average total assets.**

Report the bank holding company’s average total assets as reported in Schedule HC-K, item 5.

### **Line Item 23 LESS: Disallowed goodwill and other disallowed intangible assets.**

Report the amount of any disallowed goodwill and other disallowed intangible assets from Schedule HC-R, item 7, above.

### **Line Item 24 LESS: Disallowed servicing assets and purchased credit card relationships.**

Report the amount of any disallowed servicing assets and purchased credit card relationships from Schedule HC-R, item 9(a), above.

### **Line Item 25 LESS: Disallowed deferred tax assets.**

Report the amount of any disallowed deferred tax assets from Schedule HC-R, item 9(b), above.

### **Line Item 26 LESS: Other deductions from assets for leverage capital purposes.**

Report the amount of any other assets that are deducted in determining Tier 1 capital in accordance with the capital standards. Include the amount of any disallowed credit-enhancing interest-only strips from Schedule HC-R, item 10, above. Also include the adjusted carrying value of any nonfinancial equity investments for which a Tier 1 capital deduction is included on Schedule HC-R, item 10 above.

In addition, for purposes of the item, bank holding companies are to report as a deduction from Tier 1 capital 50 percent of the aggregate amount of its investments in banking and finance subsidiaries that are not consolidated for accounting or regulatory reporting purposes. For further information, refer to the capital guidelines.

If the reporting institution sponsors a single-employer defined benefit postretirement plan, such as a pension plan or health care plan, accounted for in accordance with ASC Subtopic 715-20, Compensation-Retirement Benefits - Defined Benefit Plans-General (formerly FASB Statement No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans” (FAS 158)), the institution should adjust total assets for leverage capital purposes for any amounts included in Schedule HC, item 26.b, “Accumulated other comprehensive income” (AOCI), affecting assets as a result of the initial and subsequent application of the funded status and measurement date provisions of ASC Subtopic 715-20. The adjustment also should take into account subsequent amortization of these amounts from AOCI into earnings.

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## Schedule HC-R

The intent of the adjustment reported in this item (together with the amount reported in Schedule HC-R, item 4) is to reverse the effects on AOCI of applying ASC Subtopic 715-20 for regulatory capital purposes. Specifically, assets recognized or derecognized as an adjustment to AOCI as part of the incremental effect of applying ASC Subtopic 715-20 should be reported as an adjustment to total assets for leverage capital purposes. For example, the derecognition of an asset recorded as an offset to AOCI as part of the initial incremental effect of applying ASC Subtopic 715-20 should be added back to total assets for leverage capital purposes by reporting the amount as a positive number in this item. As another example, the portion of a benefit plan surplus asset that is included in Schedule HC, item 26.b, as an increase to AOCI and in total assets should be deducted from total assets for leverage capital purposes by reporting the amount as a negative number in this item.

### **Line Item 27 Average total assets for leverage capital purposes.**

Report Schedule HC-R, item 22, less items 23 through 26.

### **Line Items 28–30 Not applicable.**

## Capital Ratios

### **Line Item 31 Tier 1 leverage ratio.**

Report the bank holding company's Tier 1 leverage ratio as a percentage, rounded to two decimal places. The ratio is determined by dividing Schedule HC-R, item 11, by Schedule HC-R, item 27.

### **Line Item 32 Tier 1 risk-based capital ratio.**

Report the bank holding company's Tier 1 risk-based capital ratio as a percentage, rounded to two decimal places. The ratio is determined by dividing Schedule HC-R, item 11, by Schedule HC-R, item 62.

### **Line Item 33 Total risk-based capital ratio.**

Report the bank holding company's total risk-based capital ratio as a percentage, rounded to two decimal places. The ratio is determined by dividing Schedule HC-R, item 21, by Schedule HC-R, item 62.

## Risk-Weighted Assets

The instructions for Schedule HC-R, items 34 through 54 provide general directions for the allocation of bank

holding company balance sheet assets and credit equivalent amounts of derivatives and off-balance sheet items to the risk weight categories in columns C through F and, for items 34 through 43 only, to the items not subject to risk-weighting in column B. These instructions should provide sufficient guidance for most bank holding companies for risk-weighting their balance sheet assets and credit equivalent amounts. However, these instructions may not identify every asset and other bank holding company transactions that qualify for a risk weight lower than the maximum risk weight. For further information on allocating assets and off-balance sheet transactions to the proper risk weight category, bank holding companies should consult the risk-based capital guidelines.

In order to save time and reduce burden, a bank holding company may decide not to determine every asset or off-balance sheet transaction that is accorded a risk weight lower than 100% (50% for derivative contracts). **Accordingly, at its option, a bank holding company may risk-weight any asset or credit equivalent amount at a higher risk weight than the risk weight that would otherwise apply to the asset or credit equivalent amount, e.g., an asset that qualifies for a 20% risk weight may be assigned a 100% risk weight.**

For items 34 through 43 of Schedule HC-R, column B should include the amount of the reporting bank holding company's on-balance sheet assets that are deducted or excluded (not risk weighted) in the determination of risk-weighted assets. Column B should include assets that are deducted from capital such as goodwill, disallowed deferred tax assets, disallowed servicing assets and PCCRs, disallowed credit-enhancing interest-only strips, intentional reciprocal cross-holdings of banking organization's capital instruments, the adjusted carrying value of nonfinancial equity investments subject to a Tier 1 capital deduction, and any other assets that must be deducted in accordance with the requirements of the Federal Reserve's capital guidelines. Column B should also include items that are excluded from the calculation of risk-weighted assets such as the allowance for loan and lease losses, allocated transfer risk reserves, investments in unconsolidated special purpose entities that issue trust preferred securities, and certain on-balance sheet asset amounts associated with derivative contracts that are included in the calculation of their credit equivalent amounts. For items 34 through 43 of Schedule HC-R, the sum of columns B through F must equal the balance sheet asset amount reported in column A.

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# Schedule HC-R

For items 44 through 54 of Schedule HC-R, column B should include the credit equivalent amounts of the reporting bank holding company's derivative contracts and off-balance sheet items that are covered by the risk-based capital standards. For off-balance sheet items, the credit equivalent amount to be reported in column B is calculated by multiplying the face or notional amount in column A by the appropriate credit conversion factor. The credit equivalent amounts in column B are to be risk weighted in columns C through F. For items 44 through 54 of Schedule HC-R, the sum of columns C through F must equal the credit equivalent amount reported in column B.

The following are some of the most common exceptions to the risk weight category assignments that are described below in the instructions for items 34 through 54. These exceptions enable a bank holding company, **at its option**, to assign assets, derivatives, and off-balance sheet items to lower risk weight categories than under the instructions for each of these items.

## **Column C 0% column:**

- (1) All claims (defined broadly to include securities, loans, and leases) that are direct claims on, or the portion of claims that are directly and unconditionally guaranteed by, the U.S. Government, other OECD central governments, or U.S. Government agencies.
- (2) For national and state member banks, claims that are collateralized by cash on deposit in the bank or by securities issued or guaranteed by the U.S. Government, other OECD central governments, or U.S. Government agencies (refer to the risk-based capital guidelines for the collateral criteria).
- (3) For state nonmember banks, claims on, or guaranteed by, qualifying securities firms incorporated in the U.S. or in other OECD countries that are collateralized by cash on deposit in the bank or by securities issued or guaranteed by the U.S. Government, other OECD central governments, or U.S. Government agencies (refer to the risk-based capital guidelines for the collateral and qualifying securities firm criteria).

## **Column D 20% column:**

- (1) The portion of claims that are conditionally guaranteed by the U.S. Government, other OECD central governments, or U.S. Government agencies.

- (2) The portion of claims that are collateralized by cash on deposit in the bank holding company or by securities issued or guaranteed by the U.S. Government, other OECD central governments, or U.S. Government agencies that are not included in the zero percent column.
- (3) The portion of local currency securities that are conditionally guaranteed by non-OECD central governments (to the extent that the bank holding company has liabilities booked in that currency).
- (4) General obligation claims on, or portions of claims guaranteed by the full faith and credit of, states or other political subdivisions of the U.S.
- (5) Claims on, and the portions of claims guaranteed by, multilateral lending institutions or regional development banks in which the U.S. Government is a shareholder or contributing member.
- (6) Claims on, or guaranteed by, qualifying securities firms incorporated in the U.S. or in other OECD countries provided the firm meets certain rating criteria, the claim is guaranteed by the firm's parent company and that company meets the rating criteria, or the claim is a repurchase/resale agreement or a securities lending/borrowing transaction that is collateralized and meets certain criteria (refer to the risk-based capital guidelines for the rating, collateral, and qualifying securities firm criteria).

The extent to which qualifying securities are recognized as collateral for risk-based capital purposes is determined by their current market value. If a claim is partially secured, that is, the market value of the pledged securities is less than the face amount of an asset or off-balance sheet item, only the portion that is covered by the market value of the collateral is to be reported in this item. The face amount of a claim secured by two types of qualifying collateral is to be reported in the items appropriate to the collateral types, apportioned according to the market value of each of the two types of collateral.

If a claim is partially guaranteed or covered by two types of guarantees, then the preceding discussion on the treatment of claims that are collateralized is applicable. A guarantee is conditional if its validity is dependent upon some affirmative action by the bank holding company or a third party (e.g., servicing requirements).

NOTE: Claims collateralized by deposits in other depository institutions (e.g., certificates of deposit issued by

## Schedule HC-R

other banks) do not qualify for a 20 percent risk weight. Such collateralized claims are to be reported in the 50 percent or 100 percent risk weight category in columns E or F of Schedule HC-R, as appropriate, according to the obligor or, if relevant, the guarantor or the nature of any other collateral.

These instructions contain several references to the OECD, i.e., the Organization for Economic Cooperation and Development. The following countries are members of the OECD: Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States. In addition, Saudi Arabia should be treated as an OECD country. All other countries should be treated as non-OECD countries.

**Ratings-Based Approach** - The risk-based capital guidelines include a ratings-based approach that sets the risk-based capital requirements for asset-backed and mortgage-backed securities and other positions in securitization transactions and structured finance programs<sup>10</sup> (except credit enhancing interest-only strips) according to their relative risk using credit ratings from nationally recognized statistical rating organizations, i.e., rating agencies, to measure the level of risk. (The ratings-based approach does **not** apply to corporate bonds, municipal bonds, or other debt securities that have been rated by a rating agency.) In general, under the ratings-based approach, the risk-based capital requirement for a position in a securitization or structured finance program (hereafter referred to collectively as a securitization) is computed by multiplying the face amount of the position by the risk weight appropriate for the external credit rating of the position. The risk weights for long-term and short-term external ratings are as follows:

| <i>Long-Term Rating Category</i>           | <i>Examples</i> | <i>Risk Weight</i> |
|--|-----------------|--------------------|
| Highest or second highest investment grade | AAA or AA       | 20%                |
| Third highest investment grade             | A               | 50%                |

10. Structured finance programs include, but are not limited to, collateralized debt obligations.

|   |                 |   |
|---|-----------------|---|
| Lowest investment grade                                   | BBB             | 100%                                    |
| One category below investment grade                       | BB              | 200%                                    |
| More than one category below investment grade, or unrated | B or unrated    | Not eligible for ratings-based approach |
| <i>Short-Term Rating Category</i>                         | <i>Examples</i> | <i>Risk Weight</i>                      |
| Highest investment grade                                  | A-1, P-1        | 20%                                     |
| Second highest investment grade                           | A-2, P-2        | 50%                                     |
| Lowest investment grade                                   | A-3, P-3        | 100%                                    |
| Below investment grade, or unrated                        | B or unrated    | Not eligible for ratings-based approach |

Under the ratings-based approach, a position in a securitization that is a “traded position,” as defined in the risk-based capital guidelines, must receive at least one external rating. If a traded position receives more than one external ratings, the lowest rating will apply. For a position in a securitization that is not a traded position to be eligible for the ratings-based approach, the position must receive at least two publicly available external ratings that are based on the same criteria used to rate traded positions. The lowest external rating will determine the risk weight category for the position.

In addition, a position (other than a residual interest) in a securitization or structured finance program that is not externally rated may use the credit rating for the position under one of three alternative standards to determine the risk weight for the position. These alternatives are internal risk ratings for direct credit substitutes (but not purchased credit-enhancing interest-only strips) supporting asset-backed commercial paper programs and program ratings and credit assessment computer programs for credit enhancements (but not residual interests) supporting structured finance programs. Under these alternatives, a position receiving an investment grade rating is assigned a 100% risk weight and a position receiving a rating one category below investment grade is assigned a 200% risk weight.

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## Schedule HC-R

### Bank holding companies that are subject to the market risk capital guidelines

The risk-based capital standards require all bank holding companies with significant market risk to measure their market risk exposure and hold sufficient capital to mitigate this exposure. In general, a bank holding company is subject to the market risk capital guidelines if its consolidated trading activity, defined as the sum of trading assets and liabilities as reported in its FR Y-9C for the previous quarter, equals: (1) 10 percent or more of the bank holding company's total assets as reported in its FR Y-9C for the previous quarter, or (2) \$1 billion or more. However, the Federal Reserve may exempt or include a bank holding company if necessary or appropriate for safe and sound banking practices.

A bank holding company that is subject to the market risk capital guidelines must hold capital to support its exposure to general market risk arising from fluctuations in interest rates, equity prices, foreign exchange rates, and commodity prices and its exposure to specific risk associated with certain debt and equity positions. Covered positions include all positions in a bank holding company's trading account and foreign exchange and commodity positions, whether or not in the trading account. Covered positions generally should not be risk-weighted as part of the bank holding company's gross risk-weighted assets. However, foreign exchange positions that are outside of the trading account and all over-the-counter (OTC) derivatives continue to have a counterparty credit risk capital charge. Those positions are included in both gross risk-weighted assets for credit risk and the bank holding company's covered positions for market risk.

For a bank holding company that is subject to the market risk capital guidelines, positions in the trading account arising from asset securitizations, including recourse obligations, residual interests, and direct credit substitutes, should be treated for risk-based capital purposes in accordance with those guidelines. However, the bank holding company remains subject to the concentration limit for credit-enhancing interest-only strips (see the

instructions for Schedule HC-R, item 10, "Other additions to (deductions from) Tier 1 capital").

### Balance Sheet Asset Categories

#### Assets Sold with Recourse and Purchased Credit-Enhancing Interest-Only Strips

When an on-balance sheet asset that is a position in an asset securitization or structured finance program qualifies for the ratings-based approach, the asset should be reported in the appropriate asset category in Schedule HC-R (items 34 to 42) and risk-weighted 20%, 50%, 100%, or 200% according to its rating. (See the paragraph below for further information on assets subject to a 200% risk weight.)

Otherwise, in an asset sale with recourse in which a bank holding company has retained on-balance sheet assets that act as credit enhancements (including retained credit-enhancing interest-only strips) that do not qualify for the ratings-based approach, these assets should be reported in column B, "Items Not Subject to Risk-Weighting," of the appropriate Schedule HC-R asset category (items 34 to 42). Similarly, purchased credit-enhancing interest-only strips should be reported in column B. Depending on the nature of the individual recourse transactions, the risk-weighting of these transactions will take place in Schedule HC-R, item 49, "Retained recourse on small business obligations sold with recourse," item 50, "Recourse and direct credit substitutes (other than financial standby letters of credit) subject to the low level exposure rule and residual interests subject to a dollar-for-dollar capital requirement," or item 51, "All other financial assets sold with recourse." Purchased credit-enhancing interest-only strips are to be risk-weighted in Schedule HC-R, item 50. However, exclude disallowed credit-enhancing interest-only strips that have been deducted from Tier 1 capital and assets from Schedule HC-R, items 49, 50, and 51.

#### Assets Subject to a 200% Risk Weight

Asset-backed and mortgage-backed securities and other on-balance sheet positions in asset securitizations and structured finance programs that are rated one category

# Schedule HC-R

below investment grade (e.g., BB) by a rating agency are subject to a 200% risk weight. Because Schedule HC-R does not have a column for the 200% risk weight, assets in this risk weight category should be reported in the following manner in Schedule HC-R:

- If a 200% risk-weighted asset is reported on the balance sheet (Schedule HC) at amortized cost, e.g., in “Held-to-maturity securities,” report (1) the asset’s amortized cost multiplied by 2 in column F—100% risk weight, and (2) the asset’s amortized cost as a negative number in column B.
- If a 200% risk-weighted asset is reported on the balance sheet (Schedule HC) like an “Available-for-sale debt security,” i.e., at fair value with unrealized gains (losses) reported in “Other comprehensive income,” report (1) the difference between the asset’s fair value and amortized cost in column B as a positive number if fair value exceeds cost or as a negative number if cost exceeds fair value, (2) the asset’s amortized cost multiplied by 2 in column F—100% risk weight, and (3) the asset’s amortized cost as a negative number in column B.
- If a 200% risk-weighted asset is reported on the balance sheet (Schedule HC) like a “Trading asset,” i.e., at fair value with unrealized gains (losses) included in current earnings, report (1) the asset’s fair value multiplied by 2 in column F—100% risk weight, and (2) the asset’s fair value as a negative number in column B.

## Treatment of Purchased Subordinated Securities That Are Direct Credit Substitutes Not Eligible for the Ratings-Based Approach

A direct credit substitute is “an arrangement in which a bank holding company assumes, in form or in substance, credit risk associated with an on- or off-balance sheet credit exposure that was not previously owned by the bank holding company (third-party asset) and the risk assumed by the bank holding company exceeds the pro rata share of the bank holding company’s interest in the third-party asset.” A purchased subordinated security in a securitization or structured finance program, as defined in the Federal Reserve’s risk-based capital standards, is a direct credit substitute. Examples of such direct credit substitutes include, but are not limited to, the mezzanine

and subordinate tranches of private-label mortgage-backed securities and collateralized debt obligations. A so-called senior tranche of a securitization or structured finance program (hereafter referred to collectively as a securitization) is not a direct credit substitute provided it cannot absorb credit losses prior to another designated senior tranche.

If a purchased subordinated security is rated more than one category below investment grade (e.g., below BB-) or unrated, the security is not eligible for the ratings-based approach described above. In this situation, or if a bank holding company elects not to use the ratings-based approach for an eligible purchased subordinated security, the risk-weighted asset calculation for the security is based on the “face amount” of the bank holding company’s purchased subordinated security<sup>11</sup> plus the pro rata portion of all the more senior positions currently outstanding in the securitization that the bank holding company’s security supports. If the resulting risk-based capital requirement for the purchased subordinated security, i.e., the risk-weighted asset amount for the security multiplied by the risk weight applicable to the security multiplied by 8 percent, is greater than the face amount of the security, the low-level exposure rule would apply to the security. The low-level exposure rule in effect imposes a dollar-for-dollar capital requirement on the purchased subordinated security.

Bank holding companies should use the following approach to determine whether the low-level exposure rule applies to a purchased subordinated security that is not eligible for the ratings-based approach.

## Applicability of Low-Level Exposure Rule to a Purchased Subordinated Security

- (a) Currently outstanding par value of the bank holding company’s purchased subordinated security divided by the currently outstanding par value of the entire tranche (e.g., 60%<sup>12</sup>) ..... \_\_\_\_\_

11. For risk-based capital purposes, the “face amount” of an available-for-sale security and a held-to-maturity security is its amortized cost; the “face amount” of a trading security is its fair value.

12. For example, if the currently outstanding par value of the entire tranche is \$100 and the currently outstanding par value of the bank holding company’s purchased subordinated security is \$60, then the bank holding company would enter 60% in (a).

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- (b) Currently outstanding par value of the more senior positions in the securitization that are supported by the tranche in which the bank holding company owns a subordinated security ..... \_\_\_\_\_
- (c) Pro rata share of the more senior positions currently outstanding in the securitization that are supported by the bank holding company's purchased subordinated security: enter (b) multiplied by (a) ..... \_\_\_\_\_
- (d) Face amount of the bank holding company's purchased subordinated security ..... \_\_\_\_\_
- (e) Enter the sum of (c) and (d) ..... \_\_\_\_\_
- (f) Risk weight applicable to the assets underlying the securitization (e.g., 100) ... \_\_\_\_\_
- (g) Risk-weighted asset amount of the bank holding company's purchased subordinated security: enter (e) multiplied by (f) ..... \_\_\_\_\_
- (h) Capital charge for the risk-weighted asset amount of the bank holding company's purchased subordinated security: enter (g) multiplied by 8% ..... \_\_\_\_\_
- (i) Check for applicability of the low-level exposure rule: is (h) greater than (d), enter yes or no ..... \_\_\_\_\_

If yes, the low-level exposure rule applies to the bank holding company's purchased subordinated security. If no, the low-level exposure rule does not apply. Instead, the pro rata gross-up treatment applies to the bank holding company's purchased subordinated security.

*Reporting in Schedule HC-R When the Low-Level Exposure Rule Does Not Apply (Pro Rata Gross-Up Treatment Applies):*

If the bank holding company's purchased subordinated security is an available-for-sale security, the fair value of this security is included on the balance sheet in Schedule HC, item 2(b), "Available-for-sale securities," and on the regulatory capital schedule in column A of Schedule HC-R, item 36, "Available-for-sale securities." Because available-for-sale securities are risk-weighted using their

amortized cost rather than their fair value, a gross unrealized loss on the bank holding company's security (i.e., fair value is less than amortized cost) should be reported as a negative number in column B of Schedule HC-R, item 36, "Available-for-sale securities"; a gross unrealized gain (i.e., fair value is greater than amortized cost) should be reported as a positive number in column B of Schedule HC-R, item 36. In addition, because the bank holding company's security is subject to the pro rata gross-up treatment for risk-based capital purposes, the bank holding company's pro rata share of the more senior positions supported by its purchased subordinated security is also subject to risk-weighting, which is the amount from line (c) in the low-level exposure rule calculation above. Therefore, the bank holding company must report the amount from line (c) as a negative number in column B of Schedule HC-R, item 36, "Available-for-sale securities." The bank holding company must then report the sum of the face amount of its purchased subordinated security and the pro rata share of the more senior positions currently outstanding that are supported by the bank holding company's purchased subordinated security from line (e) in the low-level exposure rule calculation above in the appropriate risk weight category column of item 36 (e.g., column F, "100%") based on the risk weight applicable to the assets underlying the securitization (from line (f) in the low-level exposure rule calculation above). This will ensure that the amount reported in item 36, column A, for the bank holding company's available-for-sale purchased subordinated security equals the sum of item 36, columns B through F.

If the bank holding company's purchased subordinated security is a held-to-maturity security, the amortized cost of this security is included on the balance sheet in Schedule HC, item 2(a), "Held-to-maturity securities," and on the regulatory capital schedule in column A of Schedule HC-R, item 35, "Held-to-maturity securities." A held-to-maturity security is risk-weighted using its amortized cost. Because the bank holding company's security is subject to the pro rata gross-up treatment for risk-based capital purposes, the bank holding company's pro rata share of the more senior positions supported by its purchased subordinated security is also subject to risk-weighting, which is the amount from line (c) in the low-level exposure rule calculation above. Therefore, the bank holding company must report the amount from line (c) as a negative number in column B of Schedule HC-R, item 35, "Held-to-maturity securities." The bank holding company must then report the sum of the face amount of its

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purchased subordinated security and the pro rata share of the more senior positions currently outstanding that are supported by the bank holding company's purchased subordinated security from line (e) in the low-level exposure rule calculation above in the appropriate risk weight category column of item 35 (e.g., column F, "100%") based on the risk weight applicable to the assets underlying the securitization (from line (f) in the low-level exposure rule calculation above). This will ensure that the amount reported in item 35, column A, for the bank holding company's held-to-maturity purchased subordinated security equals the sum of item 35, columns B through F.

If the bank holding company's purchased subordinated security is a trading security, the fair value of this security is included on the balance sheet in Schedule HC, item 5, "Trading assets," and on the regulatory capital schedule in column A of Schedule HC-R, item 41, "Trading assets." A trading security is risk-weighted using its fair value if the bank holding company is not subject to the market risk rule. Because the bank holding company's security is subject to the pro rata gross-up treatment for risk-based capital purposes, the bank holding company's pro rata share of the more senior positions supported by its purchased subordinated security is also subject to risk-weighting, which is the amount from line (c) in the low-level exposure rule calculation above. Therefore, the bank holding company must report the amount from line (c) as a negative number in column B of Schedule HC-R, item 41, "Trading assets." The bank holding company must then report the sum of the face amount of its purchased subordinated security and the pro rata share of the more senior positions currently outstanding that are supported by the bank holding company's purchased subordinated security from line (e) in the low-level exposure rule calculation above in the appropriate risk weight category column of item 41 (e.g., column F, "100%") based on the risk weight applicable to the assets underlying the securitization (from line (f) in the low-level exposure rule calculation above). This will ensure that the amount reported in item 41, column A, for the bank holding company's trading purchased subordinated security equals the sum of item 41, columns B through F.

### *Reporting in Schedule HC-R When the Low-Level Exposure Rule Applies:*

When the low-level exposure rule applies to the bank holding company's investment in a purchased subordi-

nated security, a dollar-for-dollar capital charge applies to the security. Regardless of whether the security is categorized as an available-for-sale security, a held-to-maturity security, or a trading security on the balance sheet (Schedule HC), it will not be risk-weighted as an on-balance sheet asset in Schedule HC-R. Instead, as discussed in the following paragraphs, the security will be risk weighted as an off-balance sheet item and the face amount of the bank holding company's security must be reported in column A of Schedule HC-R, item 50, "Recourse and direct credit substitutes (other than financial standby letters of credit) subject to the low-level exposure rule and residual interests subject to a dollar-for-dollar capital requirement." The face amount of an available-for-sale security and a held-to-maturity security is its amortized cost; the face amount of a trading security is its fair value.

If the bank holding company's purchased subordinated security is an available-for-sale security, the fair value of this security is included on the balance sheet in Schedule HC, item 2(b), "Available-for-sale securities," and on the regulatory capital schedule in column A of Schedule HC-R, item 36, "Available-for-sale securities." Because the low-level exposure rule applies to the bank holding company's purchased subordinated security and the security must be risk weighted as an off-balance sheet item, the fair value of the security must first be reported as a positive number in column B of Schedule HC-R, item 36, "Available-for-sale securities," and no amount should be reported for this security in columns C through F of item 36. This will ensure that the amount reported in item 36, column A, for the bank holding company's available-for-sale purchased subordinated security equals the sum of item 36, columns B through F. Next, because available-for-sale securities are risk-weighted using their amortized cost rather than their fair value, the face amount (i.e., amortized cost) of the bank holding company's purchased subordinated security (from line (d) in the low-level exposure rule calculation above) must be reported in column A of Schedule HC-R, item 50. The bank holding company must then apply either the "direct reduction method" or the "gross-up method" described in the instructions for item 50 in order to determine the credit equivalent amount of its purchased subordinated security that should be reported in column B of item 50. This credit equivalent amount must also be assigned to the 100 percent risk weight category (regardless of the risk weight that applies to the assets underlying the

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securitization) and reported in Schedule HC-R, item 50, column F, “100%.”

If the bank holding company’s purchased subordinated security is a held-to-maturity security, the amortized cost of this security is included on the balance sheet in Schedule HC, item 2(a), “Held-to-maturity securities,” and on the regulatory capital schedule in column A of Schedule HC-R, item 35, “Held-to-maturity securities.” Because the low-level exposure rule applies to the bank holding company’s purchased subordinated security and the security must be risk weighted as an off-balance sheet item, the amortized cost of the security must first be reported as a positive number in column B of Schedule HC-R, item 35, “Held-to-maturity securities,” and no amount should be reported for this security in columns C through F of item 35. This will ensure that the amount reported in item 35, column A, for the bank holding company’s held-to-maturity purchased subordinated security equals the sum of item 35, columns B through F. Next, because held-to-maturity securities are risk-weighted using their amortized cost, the face amount (i.e., amortized cost) of the bank holding company’s purchased subordinated security (from line (d) in the low-level exposure rule calculation above) must be reported in column A of Schedule HC-R, item 50. The bank holding company must then apply either the “direct reduction method” or the “gross-up method” described in the instructions for item 50 in order to determine the credit equivalent amount of its purchased subordinated security that should be reported in column B of item 50. This credit equivalent amount must also be assigned to the 100 percent risk weight category (regardless of the risk weight that applies to the assets underlying the securitization) and reported in Schedule HC-R, item 50, column F, “100%.”

If the bank holding company’s purchased subordinated security is a trading security, the fair value of this security is included on the balance sheet in Schedule HC, item 5, “Trading assets,” and on the regulatory capital schedule in column A of Schedule HC-R, item 41, “Trading assets.” A trading security is risk-weighted using its fair value if the bank holding company is not subject to the market risk rule. Because the low-level exposure rule applies to the bank holding company’s purchased subordinated security and the security must be risk weighted as an off-balance sheet item, the fair value of the security must first be reported as a positive number in column B of Schedule HC-R, item 41, “Trading assets,” and no

amount should be reported for this security in columns C through F of item 41. This will ensure that the amount reported in item 41, column A, for the bank holding company’s trading purchased subordinated security equals the sum of item 41, columns B through F. Next, because trading securities are risk-weighted using their fair value, the face amount (i.e., fair value) of the bank holding company’s purchased subordinated security (from line (d) in the low-level exposure rule calculation above) must be reported in column A of Schedule HC-R, item 50. It must then apply either the “direct reduction method” or the “gross-up method” described in the instructions for item 50 in order to determine the credit equivalent amount of its purchased subordinated security that should be reported in column B of item 50. This credit equivalent amount must also be assigned to the 100 percent risk weight category (regardless of the risk weight that applies to the assets underlying the securitization) and reported in Schedule HC-R, item 50, column F, “100%.”

### Treatment of Embedded Derivatives

If a bank holding company has a hybrid contract containing an embedded derivative that must be separated from the host contract and accounted for as a derivative instrument under ASC Topic 815, *Derivatives and Hedging* (formerly FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended), then the host contract and embedded derivative should be treated separately for risk-based capital purposes. When the fair value of the embedded derivative has been reported as part of the bank holding company’s assets on Schedule HC—Balance Sheet, that fair value (whether positive or negative) should be reported (as a positive or negative number) in column B of the corresponding asset category item in Schedule HC-R (items 34 to 42). The host contract, if an asset, should be risk weighted according to the obligor or, if relevant, the guarantor or the nature of the collateral.

### Treatment of FDIC Loss-Sharing Agreements

Loss-sharing agreements entered into by the FDIC with acquirers of assets from failed institutions are considered conditional guarantees for risk-based capital purposes due to contractual conditions that acquirers must meet. The guaranteed portion of assets subject to a loss-sharing

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agreement may be assigned a 20 percent risk weight. Because the structural arrangements for these agreements vary depending on the specific terms of each agreement, institutions should consult with their Federal Reserve Bank to determine the appropriate risk-based capital treatment for specific loss-sharing agreements.

### Allocated Transfer Risk Reserves (ATRRs)

If the reporting bank holding company is required to establish and maintain an ATRR as specified in Section 905(a) of the International Lending Supervision Act of 1983, in the Federal Reserve's regulation implementing the Act (Subpart D of Federal Reserve Regulation K), and in any guidelines, letters, or instructions issued by the Federal Reserve, the ATRR should be reported in Schedule HC-R, item 61. The ATRR is not eligible for inclusion in either Tier 1 or Tier 2 capital.

Any ATRR related to loans and leases held for investment is included on the balance sheet in Schedule HC, item 4(c), "Allowance for loan and lease losses," and separately disclosed in Schedule HI-B, part II, memorandum item 1. However, if the bank holding company must maintain an ATRR for any asset other than a loan or lease held for investment, the balance sheet category for that asset should be reported net of the ATRR on Schedule HC. In this situation, the ATRR should be reported as a negative number (i.e., with a minus (-) sign) in column B, "Items Not Subject to Risk-Weighting," of the corresponding asset category in Schedule HC-R, items 34 through 38, 41, and 42. The amount to be risk-weighted for this asset in column C, D, E, or F, as appropriate, would be its net carrying value plus the ATRR. For example, a bank holding company has a held-to-maturity security issued by a foreign commercial company against which it has established an ATRR of \$20. The security, net of the ATRR, is included in Schedule HC, item 2(a), "Held-to-maturity securities," at \$80. The security should be included in Schedule HC-R, item 35, column A, at \$80. The bank holding company should include \$(20) in Schedule HC-R, item 35, column B, and \$100 in item 35, column F.

### Line Item 34 Cash and balances due from depository institutions.

Report in column A the amount of cash and balances due from depository institutions reported in Schedule HC, sum of items 1(a) and 1(b).

*In column C—0% risk weight*, include the amount of currency and coin reported in Schedule HC, item 1(a); any balances due from Federal Reserve Banks reported in Schedule HC, item 1(b); any balances due from central banks in other OECD countries reported in Schedule HC, items 1(a) and 1(b); and the insured portion of deposits in FDIC insured depository institutions reported in Schedule HC, items 1(a) and 1(b).

*In column F—100% risk weight*, include balances due from non-OECD depository institutions with remaining maturities of over one year, all non-local currency claims on non-OECD central banks, and local currency claims on non-OECD central banks that exceed the local currency liability held by the bank holding company.

*In column D—20% risk weight*, include all other amounts that are not reported in column C or F.

### Line item 35 Held-to-maturity securities.

Report in column A the amortized cost of held-to-maturity (HTM) securities reported in Schedule HC, item 2(a).

*In column B*, include as a negative number the amortized cost of those mortgage-backed securities, asset-backed securities, and structured financial products reported in Schedule HC-B, item 4(a)(3), column A, "Other [residential mortgage] pass-through securities"; item 4(b)(2), column A, Other residential mortgage-backed securities "Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies"; item 4(b)(3), column A, "All other residential MBS"; item 4(c)(1)(b), column A, "Other commercial mortgage pass-through securities"; item 4(c)(2)(b), column A, "All other commercial MBS"; item 5(a), column A, "Asset-backed securities"; and items 5(b)(1) through (3), column A, "Structured financial products," that are rated one category below investment grade, e.g., BB, and to which the bank holding company applies the ratings-based approach.

*In column C—0% risk weight*, include the amounts reported in Schedule HC-B, column A, for item 1, "U.S. Treasury securities," item 2(a), Securities "Issued by U.S. Government agencies," and item 4(a)(1), Residential mortgage pass-through securities "Guaranteed by GNMA. Also include the portions of Schedule HC-B,

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item 4(b)(1), column A, Other residential mortgage-backed securities “Issued or guaranteed by U.S. Government agencies or sponsored agencies,” and items 4.c.(1)(a) and (2)(a), column A, “Commercial MBS,” that represent the amortized cost of GNMA securities.

*In column D—20% risk weight*, include the amounts reported in Schedule HC-B, column A, for item 2(b), Securities “Issued by U.S. Government-sponsored agencies,” and item 4(a)(2), Residential mortgage pass-through securities “Issued by FNMA and FHLMC.” Include the portion of Schedule HC-B, item 3, column A, “Securities issued by states and political subdivisions in the U.S.,” that represents the amortized cost of general obligation securities and the portions of Schedule HC-B, item 4(b)(1), column A, Other residential mortgage-backed securities “Issued or guaranteed by U.S. Government agencies or sponsored agencies,” and items 4.c.(1)(a) and (2)(a), column A, “Commercial MBS,” that represent the amortized cost of FHLMC and FNMA securities (excluding principal-only strips, which must be assigned a 100 percent risk weight). Also include the portion of Schedule HC-B, item 4(b)(2), column A, Other residential mortgage-backed securities “Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies,” that represents the amortized cost of senior interests in such securities (excluding principal-only strips, which must be assigned a 100 percent risk weight).

Also include the portions of Schedule HC-B, item 4(a)(3), column A, “Other [residential mortgage] pass-through securities”; item 4(b)(2), column A, Other residential mortgage-backed securities “Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies”; item 4(b)(3), column A, “All other residential MBS”; item 4(c)(1)(b), column A, “Other commercial mortgage pass-through securities”; item 4(c)(2)(b), column A, “All other commercial MBS”; item 5(a), column A, “Asset-backed securities”; and items 5(b)(1) through (3), column A, “Structured financial products,” that represents the amortized cost of securities that are rated in the highest or second highest investment grade, e.g., AAA or AA, in the case of long-term ratings, or in the highest rating category, e.g., A-1 or P-1, in the case of short-term ratings (excluding principal-only strips, which must be assigned a 100 percent risk weight).

*In column E—50% risk weight*, include the portion of Schedule HC-B, item 3, column A, “Securities issued by states and political subdivisions in the U.S.,” that represents the amortized cost of revenue obligation securities. Also include the portions of Schedule HC-B, item 4(a)(3), column A, “Other [residential mortgage] pass-through securities”; item 4(b)(2), column A, Other residential mortgage-backed securities “Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies”; item 4(b)(3), column A, “All other residential MBS”; item 4(c)(1)(b), column A, “Other commercial mortgage pass-through securities”; item 4(c)(2)(b), column A, “All other commercial MBS”; item 5(a), column A, “Asset-backed securities”; and items 5(b)(1) through (3), column A, “Structured financial products,” that represents the amortized cost of securities that are rated in the third highest investment grade, e.g., A, in the case of long-term ratings, or in the second highest rating category, e.g., A-2 or P-2, in the case of short-term ratings (excluding principal-only strips, which must be assigned a 100 percent risk weight).

*In column F—100% risk weight*, include the amortized cost of all other HTM securities reported in Schedule HC, item 2.a, that are not included in columns C through E. However, for those mortgage-backed securities, asset-backed securities, and structured financial products reported in Schedule HC-B, item 4(a)(3), column A, “Other [residential mortgage] pass-through securities”; item 4(b)(2), column A, Other residential mortgage-backed securities “Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies”; item 4(b)(3), column A, “All other residential MBS”; item 4(c)(1)(b), column A, “Other commercial mortgage pass-through securities”; item 4(c)(2)(b), column A, “All other commercial MBS”; item 5(a), column A, “Asset-backed securities”; and items 5(b)(1) through (3), column A, “Structured financial products,” that are rated one category below investment grade, e.g., BB, and to which the bank holding company applies the ratings-based approach, include in column F the amortized cost of these securities multiplied by 2.

### **Line item 36 Available-for-sale securities.**

Report in column A the fair value of available-for-sale (AFS) securities reported in Schedule HC, item 2(b). For regulatory capital purposes, however, AFS debt securities are risk weighted at their amortized cost. In addition, when AFS equity securities with readily determinable

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fair values have a net unrealized loss, they are risk weighted at their fair value. When such equity securities have a net unrealized gain, they are risk weighted at their historical cost plus the portion of the unrealized gain (up to 45 percent) included in Tier 2 capital. This unrealized gain is reported in Schedule HC-R, item 15.

*In column B*, include the difference between the fair value and amortized cost of AFS debt securities. This difference equals Schedule HC-B, items 1 through 6, column D, minus items 1 through 6, column C. When fair value exceeds cost, report the difference as a positive number in Schedule HC-R, item 36, column B. When cost exceeds fair value, report the difference as a negative number (i.e., with a minus (-) sign) in Schedule HC-R, item 36, column B. If AFS equity securities with readily determinable fair values have a net unrealized gain (i.e., Schedule HC-B, item 7, column D, exceeds item 7, column C), the portion of the net unrealized gain (55 percent or more) not included in Tier 2 capital should be included in Schedule HC-R, item 36, column B. The portion that is not included in Tier 2 capital equals Schedule HC-B, item 7, column D minus column C, minus Schedule HC-R, item 15.

Also include *in column B* as a negative number the amortized cost of those mortgage-backed securities, asset-backed securities, and structured financial products reported in Schedule HC-B, item 4(a)(3), column C, "Other [residential mortgage] pass-through securities"; item 4(b)(2), column C, Other residential mortgage-backed securities "Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies"; item 4(b)(3), column C, "All other residential MBS"; item 4(c)(1)(b), column C, "Other commercial mortgage pass-through securities"; item 4(c)(2)(b), column C, "All other commercial MBS"; item 5(a), column C, "Asset-backed securities"; and items 5(b)(1) through (3), column C, "Structured financial products," that are rated one category below investment grade, e.g., BB, and to which the bank holding company applies the ratings-based approach.

*In column C—0% risk weight*, include the amounts reported in Schedule HC-B, column C, for item 1, "U.S. Treasury securities," item 2(a), Securities "Issued by U.S. Government agencies," and item 4(a)(1), Residential mortgage pass-through securities "Guaranteed by GNMA. Also include the portions of Schedule HC-B, item 4(b)(1), column C, Other residential mortgage-

backed securities "Issued or guaranteed by U.S. Government agencies or sponsored agencies," and items 4.c.(1)(a) and (2)(a), column C, "Commercial MBS," that represent the amortized cost of GNMA securities.

*In column D—20% risk weight*, include the amounts reported in Schedule HC-B, column C, for item 2(b), Securities "Issued by U.S. Government-sponsored agencies," and item 4(a)(2), Residential mortgage pass-through securities "Issued by FNMA and FHLMC." Include the portion of Schedule HC-B, item 3, column C, "Securities issued by states and political subdivisions in the U.S.," that represents the amortized cost of general obligation securities and the portions of Schedule HC-B, item 4(b)(1), column C, Other residential mortgage-backed securities "Issued or guaranteed by U.S. Government agencies or sponsored agencies," and items 4.c.(1)(a) and (2)(a), column C, "Commercial MBS," that represent the amortized cost of FHLMC and FNMA securities (excluding interest-only strips that are not credit-enhancing and principal-only strips, which must be assigned a 100 percent risk weight). Also include the portion of Schedule HC-B, item 4(b)(2), column C, Other residential mortgage-backed securities "Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies," that represents the amortized cost of senior interests in such securities (excluding interest-only strips that are not credit-enhancing and principal-only strips, which must be assigned a 100 percent risk weight). Also include the portions of Schedule HC-B, item 4(a)(3), column C, "Other [residential mortgage] pass-through securities," item 4(b)(2), column C, Other residential mortgage-backed securities "Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies," item 4(b)(3), column C, "All other residential MBS"; item 4(c)(1)(b), column C, "Other commercial mortgage pass-through securities"; item 4(c)(2)(b), column C, "All other commercial MBS"; item 5(a), column C, "Asset-backed securities"; and items 5(b)(1) through (3), column C, "Structured financial products," that represents the amortized cost of securities that are rated in the highest or second highest investment grade, e.g., AAA or AA, in the case of long-term ratings, or in the highest rating category, e.g., A-1 or P-1, in the case of short-term ratings (excluding interest-only strips that are not credit-enhancing and principal-only strips, which must be assigned a 100 percent risk weight).

*In column E—50% risk weight*, include the portion of

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Schedule HC-B, item 3, column C, “Securities issued by states and political subdivisions in the U.S.,” that represents the amortized cost of revenue obligation securities. Also include the portions of Schedule HC-B, item 4(a)(3), column C, “Other [residential mortgage] pass-through securities,” item 4(b)(2), column C, Other residential mortgage-backed securities “Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies,” item 4(b)(3), column C, “All other residential MBS”; item 4(c)(1)(b), column C, “Other commercial mortgage pass-through securities”; item 4(c)(2)(b), column C, “All other commercial MBS”; item 5(a), column C, “Asset-backed securities”; and items 5(b)(1) through (3), column C, “Structured financial products,” that represents the amortized cost of securities that are rated in the third highest investment grade, e.g., A, in the case of long-term ratings, or in the second highest rating category, e.g., A-2 or P-2, in the case of short-term ratings (excluding interest-only strips that are not credit-enhancing and principal-only strips, which must be assigned a 100 percent risk weight).

*In column F—100% risk weight*, include the amortized cost of all other AFS debt securities reported in Schedule HC-B, column C, that are not included in columns B through E. However, for those mortgage-backed securities, asset-backed securities, and structured financial products reported in Schedule HC-B, item 4(a)(3), column C, “Other [residential mortgage] pass-through securities”; item 4(b)(2), column C, Other residential mortgage-backed securities “Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies”; item 4(b)(3), column C, “All other residential MBS”; item 4(c)(1)(b), column C, “Other commercial mortgage pass-through securities”; item 4(c)(2)(b), column C, “All other commercial MBS”; item 5(a), column C, “Asset-backed securities”; and items 5(b)(1) through (3), column C, “Structured financial products,” that are rated one category below investment grade, e.g., BB, and to which the bank holding company applies the ratings-based approach, include in column F the amortized cost of these securities multiplied by 2.

In addition, for AFS equity securities with readily determinable fair values reported in Schedule HC-B, item 7, include the fair value of these equity securities (as reported in Schedule HC-B, item 7, column D) if they have a net unrealized loss. If these equity securities have a net unrealized gain, include their historical cost

(as reported in Schedule HC-B, item 7, column C) plus the portion of the unrealized gain (up to 45 percent) included in Tier 2 capital (as reported in Schedule HC-R, item 15). (NOTE: Certain investments in mutual funds reported in Schedule HC-B, item 7, may qualify for less than a 100 percent risk weight. For further information, refer to the risk-based capital standards.)

### **Line Item 37 Federal funds sold and securities purchased under agreements to resell.**

Report in column A the amount of federal funds sold and securities purchased under agreements to resell reported in Schedule HC, item 3.

*In column C—0% risk weight*, include the portion of Schedule HC, item 3, that is directly and unconditionally guaranteed by U.S. Government agencies or OECD central governments.

*In column D—20% risk weight*, include the amount of federal funds sold and securities resale agreements reported in Schedule HC, item 3, that are not included in columns C and F.

*In column F—100% risk weight*, include claims on nondepository institution counterparties that lack qualifying collateral (refer to the risk based capital guidelines for specific criteria) and claims on non-OECD depository institutions with maturities of over one year.

### **Line Item 38 Loans and leases held for sale.**

Report in column A the carrying value of loans and leases held for sale (HFS) reported in Schedule HC, item 4(a).

*In column C—0% risk weight*, include the carrying value of the guaranteed portion of HFS SBA loans purchased in the secondary market that are included in Schedule HC-C, items 3, “Loans to finance agricultural production and other loans to farmers,” and 4, “Commercial and industrial loans.”

*In column D—20% risk weight*, include the carrying value of HFS loans to and acceptances of other depository institutions that are reported in Schedule HC-C, item 2, (excluding the carrying value of any long-term claims on non-OECD banks that are HFS), plus the carrying value of the guaranteed portion of HFS FHA and VA mortgage loans included in Schedule HC-C, item 1(c)(2)(a), the carrying value of the guaranteed portion of HFS SBA loans originated and held by the

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reporting bank holding company included in Schedule HC-C, items 3 and 4, and the carrying value of the portion of HFS student loans reinsured by the U.S. Department of Education included in Schedule HC-C, item 6(c), “Other consumer loans.”

*In column E—50% risk weight*, include the carrying value of HFS loans secured by 1–4 family residential properties and by multifamily residential properties included in Schedule HC-C, items 1(c)(2)(a) and 1(d), respectively, that are prudently underwritten, are fully secured by first liens on 1–4 family or multifamily residential properties, are not 90 days or more past due or in nonaccrual status, and meet other requirements specified in the risk-based capital guidelines.

*In column F—100% risk weight*, include the carrying value of HFS loans reported in Schedule HC, item 4(a), that is not included in columns B through E.

### **Line Item 39 Loans and leases, net of unearned income.**

Report in column A the amount of loans and leases, net of unearned income, reported in Schedule HC, item 4(b).

*In column C—0% risk weight*, include the carrying value of the guaranteed portion of SBA loans purchased in the secondary market that are included in Schedule HC-C, items 3, “Loans to finance agricultural production and other loans to farmers,” and 4, “Commercial and industrial loans.”

*In column D—20% risk weight*, include the carrying value of loans to and acceptances of other depository institutions that are reported in Schedule HC-C, item 2, (excluding the carrying value of any long-term claims on non-OECD banks), plus the carrying value of the guaranteed portion of FHA and VA mortgage loans included in Schedule HC-C, item 1(c)(2)(a), the carrying value of the guaranteed portion of SBA loans originated and held by the reporting bank holding company included in Schedule HC-C, items 3 and 4, and the carrying value of the portion of student loans reinsured by the U.S. Department of Education included in Schedule HC-C, item 6(c), “Other consumer loans.”

*In column E—50% risk weight*, include the carrying value of loans secured by 1–4 family residential properties and by multifamily residential properties included in Schedule HC-C, items 1(c)(2)(a) and 1(d), respectively, that are prudently underwritten, are fully secured by first

liens on 1–4 family or multifamily residential properties, are not 90 days or more past due or in nonaccrual status, and meet other requirements specified in the risk-based capital guidelines.

*In column F—100% risk weight*, include the carrying value of loans reported in Schedule HC, item 4(b), that is not included in columns B through E.

### **Line Item 40 LESS: Allowance for loan and lease losses.**

Report in columns A and B the balance of the allowance for loan and lease losses reported in Schedule HC, item 4(c).

### **Line Item 41 Trading assets.**

Report in column A the fair value of trading assets reported in Schedule HC, item 5.

If the bank holding company is subject to the market risk capital requirement, also include the fair value of all trading assets reported in Schedule HC, item 5, in column B. The bank holding company will report its market risk equivalent assets in Schedule HC-R, item 58.

For bank holding companies not subject to the market risk capital requirement:

*In column B*, if the bank holding company completes Schedule HC-D, include the fair value of derivative contracts that are reported as assets in Schedule HC-D, item 11 (column A). If the bank holding company does not complete Schedule HC-D, include the portion of the amount reported in Schedule HC, item 5, that represents the fair value of derivative contracts that are assets.

Also include *in column B* as a negative number the fair value of those mortgage-backed securities, asset-backed securities, and structured financial products reported in Schedule HC-D, item 4, “Mortgage-backed securities,” (column A), and item 5, “Other debt securities,” (column A), that are rated one category below investment grade, e.g., BB, and to which the bank holding company applies the ratings-based approach. If the bank holding company does not complete Schedule HC-D, include the portion of the amount reported in Schedule HC, item 5, that represents the fair value of mortgage-backed securities, asset-backed securities, and structured financial products that are rated one category below investment grade, e.g., BB, and to which the bank holding company applies the ratings-based approach.

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## Schedule HC-R

*In column C—0% risk weight*, if the bank holding company completes Schedule HC-D, include the amount reported in Schedule HC-D, item 1, “U.S. Treasury securities,” (column A) the portion of the amount reported in Schedule HC-D, item 2, (column A) that represents the fair value of securities issued by U.S. Government agencies, and the portion of the amounts reported in Schedule HC-D, item 4 (column A), that represents the fair value of mortgage-backed securities guaranteed by GNMA. If the bank holding company does not complete Schedule HC-D, include the portion of the amount reported in Schedule HC, item 5, that represents the fair value of these types of securities.

*In column D—20% risk weight*, if the bank holding company completes Schedule HC-D, include the portion of the amount reported in Schedule HC-D, item 2, (column A) that represents the fair value of securities issued by U.S. Government-sponsored agencies, the portion of the amount reported in Schedule HC-D, item 3 (column A), that represents the fair value of general obligations issued by states and political subdivisions in the U.S., the portion of the amount reported in Schedule HC-D, item 4 (column A), that represents the fair value of mortgage-backed securities issued by FNMA and FHLMC (excluding interest-only strips that are not credit-enhancing and principal-only strips, which must be assigned a 100 percent risk weight). and the portion of the amount reported in Schedule HC-D, item 9, “Other trading assets,” (column A) that represents the fair value of certificates of deposit and bankers acceptances (excluding the fair of any long-term claims on non-OECD banks). Also include the fair value of those mortgage-backed securities, asset-backed securities, and structured financial products reported in Schedule HC-D, item 4, “Mortgage-backed securities,” (column A), and item 5, “Other debt securities,” (column A), that are rated in the highest or second highest investment grade, e.g., AAA or AA, in the case of long-term ratings, or in the highest rating category, e.g., A-1 or P-1, in the case of short-term ratings (excluding interest-only strips that are not credit-enhancing and principal-only strips, which must be assigned a 100 percent risk weight). If the bank holding company does not complete Schedule HC-D, include the portion of the amount reported in Schedule HC, item 5, that represents the fair value of these types of trading assets.

*In column E—50% risk weight*, if the bank holding company completes Schedule HC-D, include the portion

of the amount reported in HC-D, item 3, (column A) that represents the fair value of revenue obligations issued by states and political subdivisions in the U.S. Also include the fair value of those mortgage-backed securities, asset-backed securities, and structured financial products reported in Schedule HC-D, item 4, “Mortgage-backed securities,” (column A) and item 5, “Other debt securities,” (column A) that are rated in the third highest investment grade category, e.g., A, in the case of long-term ratings, or in the second highest rating category, e.g. A-2 or P-2, in the case of short-term ratings (excluding interest-only strips that are not credit-enhancing and principal-only strips, which must be assigned a 100 percent risk weight). If the bank holding company does not complete Schedule HC-D, include the portion of the amount reported in Schedule HC, item 5, that represents the fair value of these types of securities.

*In column F—100% risk weight*, include the fair value of trading assets reported in Schedule HC, item 5, that is not included in columns B through E. However, for those mortgage-backed securities, asset-backed securities, and structured financial products reported in Schedule HC, item 5, that are rated one category below investment grade, e.g., BB, and to which the bank holding company applies the ratings-based approach, include in column F the fair value of these securities multiplied by 2.

### **Line Item 42 All other assets.**

Report in column A the sum of the amounts reported in Schedule HC, item 6, “Premises and fixed assets,” item 7, “Other real estate owned,” item 8, “Investments in unconsolidated subsidiaries and associated companies,” item 9, “Direct and indirect investments in real estate ventures,” item 10(a), “Goodwill,” item 10(b), “Other intangible assets,” and item 11, “Other assets.”

The carrying value of any bank holding company-owned general account insurance product included in Schedule HC, item 11, should be risk-weighted 100 percent. If the bank holding company owns a separate account insurance product that qualifies for the “look-through” approach, the qualifying portion of the carrying value of this product included in Schedule HC, item 11, may be eligible for a risk weight less than 100 percent, but in no case less than 20 percent. Any general account and stable value protection (SVP) portions of the carrying value of a separate account insurance product should be risk weighted at the risk weights applicable to claims on the insurer (100 percent) and the SVP provider (100 percent

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or, if appropriate, 20 percent), respectively. A separate account insurance product that does not qualify for the “look-through” approach should receive a 100 percent risk weight. For further information, see the Interagency Statement on the Purchase and Risk Management of Life Insurance, issued December 7, 2004.

If the reporting institution sponsors a single-employer defined benefit postretirement plan, such as a pension plan or health care plan, accounted for in accordance with ASC Subtopic 715-20, Compensation-Retirement Benefits - Defined Benefit Plans-General (formerly FASB Statement No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans” (FAS 158)), the institution should adjust the asset amount reported in column A of this item for any amounts included in Schedule HC, item 26.b, “Accumulated other comprehensive income” (AOCI), affecting assets as a result of the initial and subsequent application of the funded status and measurement date provisions of ASC Subtopic 715-20. The adjustment also should take into account subsequent amortization of these amounts from AOCI into earnings. The intent of the adjustment reported in this item (together with the amount reported in Schedule HC-R, item 4) is to reverse the effects on AOCI of applying ASC Subtopic 715-20 for regulatory capital purposes. Specifically, assets recognized or derecognized as an adjustment to AOCI as part of the incremental effect of applying ASC Subtopic 715-20 should be reported as an adjustment to assets in column B of this item. For example, the derecognition of an asset recorded as an offset to AOCI as part of the initial incremental effect of applying ASC Subtopic 715-20 should be reported in this item as a negative amount in column B and as a positive amount in column F. As another example, the portion of a benefit plan surplus asset that is included in Schedule HC, item 26.b, as an increase to AOCI and in column A of this item should be excluded from risk-weighted assets by reporting the amount as a positive number in column B of this item.

*In column B*, include the amount of any disallowed goodwill and other disallowed intangible assets reported in Schedule HC-R, item 7; disallowed servicing assets and purchased credit card relationships reported in Schedule HC-R, item 9(a); disallowed deferred tax assets reported in Schedule HC-R, item 9(b); all credit-enhancing interest-only strips reported in Schedule HC, item 11; all residual interests (as defined in the instructions for Schedule HC-R, item 50) not eligible for the ratings-

based approach; the fair value of derivative contracts that are reported as assets in Schedule HC, item 11; and the carrying value of other assets reported in Schedule HC, item 11, that act as credit enhancements for those recourse transactions that must be reported in Schedule HC-R, items 49 and 51. Include the amount of the bank holding company’s investments in unconsolidated banking and finance subsidiaries that are reported in Schedule HC, item 8, and are deducted for risk-based capital purposes in Schedule HC-R, item 20. Also include investments in unconsolidated special purpose entities that issue trust preferred securities.

If the bank holding company has residual interests in asset securitizations that are eligible for the ratings-based approach, report the difference between these residuals’ fair value carrying amount and their amortized cost in column B as a positive number if fair value exceeds cost and as a negative number (i.e., with a minus (-) sign) if cost exceeds fair value. Also, include in column B as a negative number the amortized cost of any residual interests in asset securitizations (other than credit-enhancing interest-only strips) included in Schedule HC, item 1 are rated one category below investment grade, e.g., BB.

*In column C—0% risk weight*, include the carrying value of Federal Reserve Bank stock included in Schedule HC-F, item 4; accrued interest receivable on assets included in the zero percent risk weight category (column C of Schedule HC-R, items 34 through 41); prepaid deposit insurance assessments included in Schedule HC-F, item 6; and the carrying value of gold bullion not held for trading that is held in the bank holding company’s own vault or in another institution’s vault on an allocated basis.

*In column D—20% risk weight*, include the carrying value of Federal Home Loan Bank stock included in Schedule HC-F, item 4; accrued interest receivable on assets included in the 20 percent risk weight category (column D of Schedule HC-R, items 34 through 41); and the portion of customers’ acceptance liability reported in Schedule HC, item 11, that has been participated to other depository institutions. Also include the amortized cost of residual interests in asset securitizations (other than credit-enhancing interest-only strips) included in Schedule HC, item 11, that are rated in the highest or second highest investment grade, e.g., AAA or AA, in the case of

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long-term ratings, or in the highest rating category, e.g., A-1 or P-1, in the case of short-term ratings.

*In column E—50% risk weight*, include accrued interest receivable on assets included in the 50 percent risk weight category (column E of Schedule HC-R, items 34 through 41). Also include the amortized cost of residual interests in asset securitizations (other than credit-enhancing interest-only strips) included in Schedule HC, item 11, that are rated in the third highest investment grade, e.g., A, in the case of long-term ratings, or in the second highest rating category, e.g., A-2 or P-2, in the case of short-term ratings.

*In column F—100% risk weight*, include the amount of all other assets reported in column A that is not included in columns B through E. However, for residual interests in asset securitizations (other than credit-enhancing interest-only strips) included in Schedule HC, item 11, include the amortized cost of those that are rated in the lowest investment grade category, e.g., BBB, and the amortized cost multiplied by 2 of those that are rated one category below investment grade, e.g., BB.

### Line Item 43 Total assets.

For columns A through F, report the sum of items 34 through 42. The sum of columns B through F must equal column A.

### Derivatives and Off-Balance Sheet Items

Bank holding companies should refer to the supervisory guidance issued by the Federal Reserve for information on how they should treat credit derivatives for risk-based capital purposes and, as a consequence, for purposes of completing the section of Schedule HC-R for derivatives and off-balance sheet items.

### Treatment of Liquidity Facilities for Asset-Backed Commercial Paper Programs

Bank holding companies that provide liquidity facilities to asset-backed commercial paper (ABCP) programs, whether or not they are the program sponsor, must report these facilities in the following manner in Schedule HC-R (unless the bank holding company is a sponsor and consolidates the sponsored ABCP program assets onto its

balance sheet).<sup>13</sup> The full amount of the unused portion of an *eligible* liquidity facility with an original maturity exceeding one year should be reported in item 53(a), column A. The full amount of the unused portion of an *eligible* liquidity facility with an original maturity of one year or less should be reported in item 53(b), column A. For ineligible liquidity facilities (both direct credit substitutes and recourse obligations), bank holding companies should report the full amount of the unused portion of the facility in Schedule HC-R, item 51, column A.

### Line Item 44 Financial standby letters of credit.

For financial standby letters of credit reported in Schedule HC-L, item 2, that act as credit enhancements for asset-backed or mortgage-backed securities and to which the ratings-based approach applies, report in column A:

- (1) the amount outstanding and unused of those letters of credit subject to a risk weight of 100% or less, and
- (2) two times the amount outstanding and unused of those letters of credit subject to a 200% risk weight.

For these financial standby letters of credit, report in column B 100% of the amount reported in column A.

For all other financial standby letters of credit reported in Schedule HC-L, item 2, report *in column A*:

- (1) the amount outstanding and unused of those letters of credit for which this amount is less than the effective risk-based capital requirement for the assets that are credit-enhanced by the letter of credit. These financial standby letters of credit are subject to the low-level exposure rule. For these financial standby letters of credit, report as the credit equivalent amount in column B their amount outstanding and unused multiplied by either 12.5 or by the institution-specific factor determined in the manner described in the instructions for Schedule HC-R, item 50.
- (2) the full amount of the assets that are credit-enhanced by those letters of credit that are not subject to the

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13. For further guidance on eligible and ineligible liquidity facilities, bank holding companies should refer to the “Interagency Guidance on the Eligibility of Asset-Backed Commercial Paper Liquidity Facilities and the Resulting Risk-Based Capital Treatment” issued August 4, 2005 (FDIC Financial Institution Letter 74-2005, Federal Reserve Supervision and Regulation Letter 05-13, and OCC Bulletin 2005-26).

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low-level exposure rule. For these financial standby letters of credit, report in column B 100% of the amount reported in column A.

*In column D—20% risk weight*, include the credit equivalent amount of the portion of financial standby letters of credit reported in Schedule HC-L, item 2, that has been conveyed to U.S. and other OECD depository institutions (and to non-OECD depository institutions for letters of credit with remaining maturities of one year or less). Also include in column D the credit equivalent amount of financial standby letters of credit to which the ratings-based approach applies that are rated in the highest or second highest investment grade category, e.g., AAA or AA, in the case of long-term ratings, or in the highest rating category, e.g., A-1 or P-1, in the case of short-term ratings.

*In column E—50% risk weight*, include the credit equivalent amount of financial standby letters of credit to which the ratings-based approach applies that are rated in the third highest investment grade category, e.g., A, in the case of long-term ratings, or in the second highest rating category, e.g., A-2 or P-2, in the case of short-term ratings.

*In column F—100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through E.

### **Line Item 45 Performance standby letters of credit.**

Report in column A the face amount of performance standby letters of credit reported in Schedule HC-L, item 3.

*In column B*, report 50 percent of the face amount reported in column A.

*In column D—20% risk weight*, include the credit equivalent amount of the portion of performance standby letters of credit reported in Schedule HC-L, item 3, that has been conveyed to U.S. and other OECD depository institutions (and to non-OECD depository institutions for letters of credit with remaining maturities of one year or less).

*In column F—100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through E.

### **Line Item 46 Commercial and similar letters of credit.**

Report in column A the face amount of commercial and similar letters of credit reported in Schedule HC-L, item 4.

*In column B*, report 20 percent of the face amount reported in column A.

*In column F—100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through E.

### **Line Item 47 Risk participations in banker's acceptances acquired by the reporting institution.**

Report in column A the face amount of risk participations in bankers acceptances that have been acquired by the reporting institution and are outstanding.

*In column B*, report 100 percent of the face amount reported in column A.

*In column D—20% risk weight*, include the credit equivalent amount of the portion of risk participations in bankers acceptances that the reporting bank holding company has acquired and subsequently conveyed to U.S. and other OECD depository institutions (and to non-OECD depository institutions for bankers acceptances with remaining maturities of one year or less).

*In column F—100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C and D.

### **Line Item 48 Securities lent.**

Report in column A the amount of securities lent reported in Schedule HC-L, item 6.

*In column B*, report 100 percent of the face amount reported in column A.

*In column C—0% risk weight*, include the credit equivalent amount of securities lent that is supported by the appropriate amount of collateral that qualifies for the zero percent risk weight under the risk based capital guidelines (refer to these guidelines for the specific qualifying criteria).

*In column D—20% risk weight*, include the credit equivalent amount of securities lent that is supported by the appropriate amount of collateral that qualifies for the 20 percent risk weight under the risk based capital guidelines (refer to these guidelines for specific qualifying criteria). Also include the credit equivalent amount of securities lent that represents claims on U.S. and other OECD depository institutions (and claims on non-OECD depository institutions for securities lent with remaining maturities of one year or less).

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*In column F—100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through E.

### **Line Item 49 Retained recourse on small business obligations sold with recourse.**

Report in column A the amount of retained recourse on small business obligations reported in Schedule HC-S, Memorandum item 1(b).

Under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994, a “qualifying institution” that transfers small business loans and leases on personal property (small business obligations) with recourse in a transaction that qualifies as a sale under generally accepted accounting principles (GAAP) must maintain risk-based capital only against the amount of recourse retained, provided the institution establishes a recourse liability account that is sufficient under GAAP. Only loans and leases to businesses that meet the criteria for a small business concern established by the Small Business Administration under Section 3(c) of the Small Business Act (12 U.S.C. 631) are eligible for this favorable risk-based capital treatment.

In general, a “qualifying institution” is one that is well capitalized without regard to the Section 208 provisions. If a bank holding company ceases to be a qualifying institution or exceeds the retained recourse limit set forth in regulations implementing Section 208, all new transfers of small business obligations with recourse would not be treated as sales. However, the reporting and risk-based capital treatment described above will continue to apply to any transfers of small business obligations with recourse that were consummated during the time the bank holding company was a “qualifying institution” and did not exceed the limit.

*In column B*, report 100 percent of the amount reported in column A.

*In column F—100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through E.

### **Line Item 50 Recourse and direct credit substitutes (other than financial standby letters of credit) subject to the low level exposure rule and residual interests subject to a dollar-for-dollar capital requirement.**

As defined in the risk-based capital standards,

- *Recourse* means an arrangement in which an institution retains, in form or in substance, any credit risk directly or indirectly associated with an asset it has sold (in accordance with generally accepted accounting principles) that exceeds a pro rata share of the institution’s claim on the asset.
- *Direct credit substitute* means an arrangement in which an institution assumes, in form or in substance, credit risk directly or indirectly associated with an on- or off-balance sheet asset or exposure that was not previously owned by the institution (third-party asset) and the risk assumed by the institution exceeds the pro rata share of the institution’s interest in the third party asset.
- *Residual interest* means any on-balance sheet asset that represents an interest (including a beneficial interest) created by a transfer that qualifies as a sale (in accordance with generally accepted accounting principles) of financial assets, whether through a securitization or otherwise, and that exposes an institution to credit risk directly or indirectly associated with the transferred asset that exceeds a pro rata share of the institution’s claim on the asset, whether through subordination provisions or other credit enhancement techniques. In general, residual interests include credit-enhancing interest-only strips (both retained and purchased), spread accounts, cash collateral accounts, retained subordinated interests, other forms of overcollateralization, accrued but uncollected interest on transferred assets that (when collected) will be available to serve in a credit-enhancing capacity, and similar on-balance sheet assets that function as a credit enhancement.

Under these definitions, all recourse arrangements in the form of on-balance sheet assets are residual interests. The only type of residual interest that is not a recourse arrangement is a purchased credit-enhancing interest-only strip. Purchased credit-enhancing interest-only strips are a type of direct credit substitute. Recourse arrangements not in the form of on-balance sheet assets (e.g., off-balance sheet recourse obligations, which may have an associated on-balance sheet recourse liability) are not residual interests.

The risk-based capital standards include a low-level exposure rule, which states that if the maximum exposure to loss retained or assumed by an institution in connection with a recourse arrangement, a direct credit substitute, or a residual interest is less than the effective risk-based capital requirement for the credit-enhanced

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assets (generally, four percent for qualifying first lien 1–4 family residential mortgages and eight percent for most other assets), the risk-based capital requirement is limited to the institution’s maximum contractual exposure, less any recourse liability account established in accordance with generally accepted accounting principles.

However, for residual interests (other than credit-enhancing interest-only strips that have been deducted from Tier 1 capital and assets) not eligible for the ratings-based approach, an institution must maintain risk-based capital equal to the face amount of the residual interest (net of any existing associated deferred tax liability recorded on the balance sheet), even if the amount of risk-based capital required to be maintained exceeds the full risk-based capital requirement for the assets transferred. The effect of this requirement is that, notwithstanding the low level exposure rule, an institution must hold one dollar in total risk-based capital against every dollar of the face amount of its residual interests that are not eligible for the ratings-based approach (a dollar-for-dollar capital requirement), except for any credit-enhancing interest-only strips that are required to be deducted from Tier 1 capital and assets.

Because all residual interests (including all retained and purchased credit-enhancing interest-only strips) are on-balance sheet assets, the on-balance sheet amount of an institution’s residual interests not eligible for the ratings-based approach should be reported in column B of the Balance Sheet Asset Category section of Schedule HC-R. Similarly, when a direct credit substitute is carried as an asset on the bank holding company’s balance sheet and the low level exposure rule applies, the on-balance sheet asset amount should be reported in column B of the Balance Sheet Asset Category section of Schedule HC-R.

For purposes of this item, the “maximum contractual dollar amount of exposure” of a residual interest and a direct credit substitute that is an on-balance sheet asset is its “face amount” as of the report date, i.e., its amortized cost if it is not held for trading purposes and its fair value if it is held for trading purposes. In determining the “maximum contractual dollar amount of exposure” for a residual interest, an institution is permitted, but not required, to reduce the face amount by the amount of any

existing associated deferred tax liability.<sup>14</sup> The “maximum contractual dollar amount of exposure” of a recourse arrangement and a direct credit substitute that is not in the form of an on-balance sheet asset is the maximum contractual amount of the institution’s exposure as of the report date, less the balance of any associated recourse liability account established in accordance with generally accepted accounting principles and reported in Schedule HC-G, item 4, “Other” liabilities.

Bank holding companies that have entered into (a) recourse arrangements and direct credit substitutes (other than financial standby letters of credit) that are subject to the low level exposure rule and (b) residual interests subject to a dollar-for-dollar capital requirement should report these transactions in this item using either the “direct reduction method” or the “gross-up method” in accordance with the following guidance. Exclude from this item disallowed credit-enhancing interest-only strips that have been deducted from Tier 1 capital and assets. When using the “gross-up method,” an institution includes an amount in its risk-weighted assets (the denominator of its risk-based capital ratios) for its “maximum contractual dollar amount of exposure” that is calculated under the assumption that the institution’s total risk-based capital ratio equals the 8 percent minimum requirement. In contrast, when using the “direct reduction method,” an institution includes an institution-specific amount in its risk-weighted assets for its “maximum contractual dollar amount of exposure” that is calculated using the actual amount of the institution’s total risk-based capital. This institution-specific calculation produces the effect of directly reducing Tier 1 and total risk-based capital by the “maximum contractual dollar amount of exposure” without lowering the institution’s Tier 1 leverage capital ratio. For an institution whose risk-based capital ratios exceed the required minimums, it is normally preferable to use the “direct reduction method.”

If the bank holding company chooses to use the “direct reduction method,” the bank holding company should report as the credit equivalent amount in Schedule HC-R, item 50, column B, an “institution-specific add-on factor” for its low-level exposure or residual interest. This

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14. Any deferred tax liability used in this manner would not be available for the bank holding company to use in determining the amount of disallowed deferred tax assets in Schedule HC-R, item 9(b), above.

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## Schedule HC-R

credit equivalent amount should then be assigned to the 100 percent risk weight category in column F of this item. The “institution-specific add-on factor,” which is independent of the risk weight category of the assets to which the exposure relates, is calculated as follows:

$$F = \frac{C \times A}{C - R} - A$$

where

- F* = institution-specific add-on factor;
- C* = total risk-based capital (as reported in Schedule HC-R, item 21);
- A* = net risk-weighted assets excluding low-level exposures and residual interests; and
- R* = maximum contractual dollar amount of exposure in low-level exposure transactions or of residual interests (as reported in column A of this item)

For purposes of calculating the amount of the bank holding company’s total risk-based capital to be used in the preceding formula (*C* in the formula) and to be reported in Schedule HC-R, item 21, the bank holding company should determine the Tier 2 capital limit on the allowance for loan and lease losses by multiplying its “maximum contractual dollar amount of exposure” (*R* in the preceding formula, as defined in these instructions) by 12.5 and adding this product to its gross risk-weighted assets excluding low level exposures and residual interests. This adjusted gross risk-weighted-assets figure multiplied by 1.25 percent is the bank’s Tier 2 capital limit on the allowance for loan and lease losses. Once this limit on the allowance has been calculated, the limit is fixed at this amount. This limit should not be changed after the bank holding company calculates the actual amount of its net risk-weighted assets excluding low level exposures and residual interests (*A* in the preceding formula) or its institution-specific add-on factor for low level exposures and residual interests under the “direct reduction method” (*F* in the preceding formula). This means that a bank holding company will measure its Tier 2 capital and its total risk-based capital prior to its application of the “direct reduction method” and will not recalculate these two amounts once the add-on factor is known.

If the bank holding company chooses to use the “gross-up method,” the “maximum contractual dollar amount of exposure” for the bank holding company’s low level exposure transactions and its residual interests, as reported in column A of this item, should be multiplied by a factor

of 12.5. The resulting dollar amount should be reported as the credit equivalent amount in column B of this item and assigned to the 100 percent risk weight category in column F.

For example, a bank holding company has sold \$2 million in first lien residential mortgages subject to two percent recourse. The bank holding company has removed the \$2 million in mortgages from its balance sheet and, in accordance with GAAP, has also established a recourse liability account with a balance of \$10,000. The maximum amount for which the bank holding company is liable is \$40,000. The mortgages qualify for a 50 percent risk weight and the bank holding company’s recourse exposure is less than the \$80,000 minimum risk-based capital requirement for these assets sold with recourse. Thus, the low level exposure rule applies. The “maximum contractual dollar amount of exposure” for this transaction is \$30,000, the \$40,000 maximum contractual amount of the bank holding company’s recourse exposure as of the report date, less the \$10,000 balance of the recourse liability account for this transaction. The bank holding company has no other transactions that would qualify for the low level exposure rule. It has gross risk-weighted assets excluding low level exposures and residual interests of \$100 million, Tier 1 capital of \$8 million, an allowance for loan and lease losses of \$1.1 million, and other qualifying Tier 2 capital components of \$1.4 million.

If the bank holding company chooses to use the “direct reduction method,” the bank holding company would report \$30,000—its “maximum contractual dollar amount of exposure”—as the “face value or notional amount” in column A of this item and would use this amount to calculate its institution-specific add-on factor using the formula provided above. To determine the Tier 2 capital limit for the bank holding company’s allowance for loan and lease losses, the bank holding company would first add \$375,000 (\$30,000—its “maximum contractual dollar amount of exposure”—multiplied by 12.5) to its \$100 million of gross risk-weighted assets excluding low level exposures and residual interests. Its Tier 2 capital limit for the allowance would be \$1,254,688 (\$100,375,000 – its adjusted gross risk-weighted assets—multiplied by 1.25 percent—the limit for the allowance). Since the bank holding company’s \$1.1 million allowance is less than its Tier 2 capital limit for the allowance, the bank holding company would report an “excess

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## Schedule HC-R

allowance for loan and lease losses” of \$0 in Schedule HC-R, item 60, column F. The bank holding company’s total risk-based capital is \$10.5 million and its net risk-weighted assets excluding low level exposures and residual interests are \$100 million. Based on the facts in the example, the bank holding company calculates that its institution-specific add-on factor is \$286,533. The bank holding company would report the amount of this add-on factor as the credit equivalent amount in column B of this item and assign this amount to the 100 percent risk weight category in column F.

If the bank holding company chooses to use the “gross-up method,” the bank holding company would report \$30,000 (its “maximum contractual dollar amount of exposure”) as the “face value or notional amount” in column A of this item. The bank holding company would report \$375,000 as the credit equivalent amount in column B (\$30,000—its “maximum contractual dollar amount of exposure”—multiplied by 12.5). It would also assign this amount to the 100 percent risk weight category in column F of this item. Because the \$2 million in mortgages sold have been removed from the balance sheet, the difference between the \$375,000 credit equivalent amount and the \$2 million is not reported in Schedule HC-R. In addition, the bank holding company would include the \$375,000 in its gross risk-weighted assets for purposes of determining the Tier 2 capital limit for the allowance for loan and lease losses.

### **Line Item 51 All other financial assets sold with recourse.**

Include in this item all recourse arrangements (as defined in Schedule HC-R, item 50, above) in which the bank holding company’s exposure has not already been included in Schedule HC-R, item 44, “Financial standby letters of credit,” item 49, “Retained recourse on small business obligations sold with recourse,” or item 50, “Recourse and direct credit substitutes (other than financial standby letters of credit) subject to the low level exposure rule and residual interests subject to a dollar-for-dollar capital requirement.” For example, include in this item recourse arrangements where the bank holding company is obligated to repurchase a loan or otherwise compensate the purchaser of a loan in the event of the borrower’s failure to pay when due (unless the loan is a small business obligation sold with recourse that has been reported in Schedule HC-R, item 49, above).

Exclude from this item disallowed credit-enhancing interest-only strips that have been deducted from Tier 1 capital and assets.

For those recourse arrangements that must be included in this item that are not eligible for the ratings-based approach, report in column A the outstanding principal balance of the loans or other financial assets that were sold with recourse, minus the amount of any recourse liability account associated with these transactions that is included in Schedule HC-G, item 4, “Other” liabilities. For those recourse arrangements that must be included in this item that act as credit enhancements for asset-backed or mortgage-backed securities and to which the ratings-based approach applies, report *in column A*:

- (1) the maximum contractual remaining amount of the bank holding company’s recourse exposures that are subject to a risk weight of 100% or less, minus the amount of any recourse liability account associated with these exposures that is included in Schedule HC-G, item 4, and
- (2) two times the maximum contractual remaining amount of the bank holding company’s recourse exposures that are subject to a 200% risk weight, minus the amount of any recourse liability account associated with these exposures that is included in Schedule HC-G, item 4.

*In column B*, report 100 percent of the amount reported in column A.

*In column C—0% risk weight*, include the credit equivalent amount of financial assets sold with recourse (not eligible for the ratings-based approach) that, if they were carried as assets on the balance sheet, would meet the criteria for the zero percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, items 34 through 42, above.

*In column D—20% risk weight*, include the credit equivalent amount of financial assets sold with recourse (not eligible for the ratings-based approach) that, if they were carried as assets on the balance sheet, would meet the criteria for the 20 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, items 34 through 42, above. Also include in column D the credit equivalent amount of those recourse arrangements to which the ratings-based approach applies that are rated in the highest or second highest investment grade category, e.g., AAA or AA, in

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## Schedule HC-R

the case of long-term ratings, or in the highest rating category, e.g., A-1 or P-1, in the case of short-term ratings.

*In column E—50% risk weight*, include the credit equivalent amount of financial assets sold with recourse (not eligible for the ratings-based approach) that, if they were carried as assets on the balance sheet, would meet the criteria for the 50 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, items 34 through 42, above. Also include in column E the credit equivalent amount of those recourse arrangements to which the ratings-based approach applies that are rated in the third highest investment grade category, e.g., A, in the case of long-term ratings, or in the second highest rating category, e.g., A-2 or P-2, in the case of short-term ratings.

*In column F—100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through E.

### **Line Item 52 All other off-balance sheet liabilities.**

Report in column A the notional amount of all other off-balance sheet liabilities reported in Schedule HC-L, item 9, that are covered by the risk-based capital guidelines. Also include in column A the notional amount of written option contracts that act as financial guarantees, which have been reported as derivatives in Schedule HC-L, item 11, but are treated as direct credit substitutes rather than derivatives for risk-based capital purposes. Also include in column A the amount of those credit derivatives reported in Schedule HC-L, item 7, that under Federal Reserve supervisory guidance, are covered by the risk-based capital standards, but have not been included in any of the preceding items in the Derivatives and Off-Balance Sheet Items section of Schedule HC-R. However, *exclude* from column A the amount of credit derivatives classified as trading that are subject to the market risk capital guidelines (report in Schedule HC-R, item 54) and credit derivatives purchased by the bank holding company that are recognized as guarantees of an asset or off-balance sheet exposure under the risk-based capital guidelines, i.e., credit derivatives on which the bank holding company is the beneficiary (report the guaranteed asset or exposure in Schedule HC-R in the appropriate balance sheet or off-balance sheet category — e.g., item 39, “Loans and leases, net of unearned income” — and in the risk weight category applicable to the derivative counterparty — e.g., column D, 20 percent

— rather than the risk weight category applicable to the obligor of the guaranteed asset). Also exclude from column A the notional amount of standby letters of credit issued by a Federal Home Loan Bank on behalf of the reporting bank holding company that are reported in Schedule HC-L, item 9, because these letters of credit are not covered by the risk-based capital guidelines.

*In column B*, report 100 percent of the notional amount reported in column A.

*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, items 34 through 42, above.

*In column D—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, items 34 through 42, above.

*In column E—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, items 34 through 42, above.

*In column F—100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through E.

### **Line Item 53 Unused commitments:**

#### **Line Item 53(a) With an original maturity exceeding one year.**

Report in column A the unused portion of commitments to make or purchase extensions of credit in the form of loans or participations in loans, lease financing receivables, or similar transactions as reflected in Schedule HC-L, item 1, that have an original maturity exceeding one year and are subject to the risk-based capital guidelines. Under the risk-based capital guidelines, the unused portion of commitments (facilities) with an original maturity of one year or less (other than eligible asset-backed commercial paper liquidity facilities) or which are unconditionally cancellable (without cause) at any time by the bank holding company, provided a separate

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## Schedule HC-R

credit decision is made before each drawing, have a zero percent conversion factor. The unused portion of such commitments should be excluded from this item and from item 53(b). “Original maturity” is defined as the length of time between the date a commitment is issued and the date of maturity, or the earliest date on which the bank holding company (1) is scheduled to (and as a normal practice actually does) review the facility to determine whether or not it should be extended and (2) can unconditionally cancel the commitment. Also include in column A 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 bank 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 53(a) if the bank 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 bank holding company is obligated to advance at any time during the life of the commitment. This includes seasonal commitments where the dollar amount of the commitment increases during the customer’s peak business period. In addition, this risk-based capital treatment applies to long-term commitments that contain short-term options which, for a fee, allow the customer to increase the dollar amount of the commitment. Until the short-term option has expired, the reporting bank holding company must convert and risk weight the amount which it is obligated to lend if the option is exercised. After the expiration of a short-term option which has not been exercised, the unused portion of the original amount of the commitment is to be used in the credit conversion process.

- *In column B*, report 50 percent of the amount of unused commitments reported in column A.

- *In column C–0% risk weight*, include the credit equivalent amount of unused commitments for extensions of credit 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, items 34 through 42, above.
- *In column D–20% risk weight*, include the credit equivalent amount of unused commitments for extensions of credit 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, items 34 through 42, above. Include commitments that have been conveyed to U.S. and other OECD depository institutions.
- *In column E–50% risk weight*, include the credit equivalent amount of unused commitments for extensions of credit 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, items 34 through 42, above.
- *In column F–100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through E.

### **Line Item 53(b) With an original maturity of one year or less to asset-backed commercial paper conduits.**

Report in column A the unused portion of eligible asset-backed commercial paper (ABCP) liquidity facilities with an original maturity of one year or less. Under the risk-based capital guidelines, the unused portion of commitments (facilities) with an original maturity of one year or less (other than eligible ABCP liquidity facilities) or which are unconditionally cancelable (without cause) at any time by the bank holding company, provided a separate credit decision is made before each drawing, have a zero percent conversion factor. The unused portion of such commitments should be excluded from this item.

- In column B, report 10 percent of the amount of unused commitments reported in column A.
- *In column C–0% risk weight*, include the credit equivalent amount of unused eligible ABCP liquidity facilities to counterparties who meet, or that have guarantees

# Schedule HC-R

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, items 34 through 42, above.

- *In column D—20% risk weight*, include the credit equivalent amount of unused eligible ABCP liquidity facilities 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, items 34 through 42, above.
- *In column E—50% risk weight*, include the credit equivalent amount of unused eligible ABCP liquidity facilities 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, items 34 through 42, above.
- *In column F—100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through E.

## Line Item 54 Derivative contracts.

Report in column B the credit equivalent amount of derivative contracts covered by the risk-based capital guidelines. Under these guidelines, the maximum risk weight to be applied to the credit equivalent amount of any derivative contract is 50 percent. Include credit derivative contracts held for trading purposes and subject to the market risk capital guidelines. However, exclude all other credit derivative contracts, which, if covered by the risk-based capital standards in accordance with Federal Reserve supervisory guidance, should be reported in one of the preceding items in the Derivatives and Off-Balance Sheet Items section of Schedule HC-R.

The credit equivalent amount of a bank holding company's derivative contract is the sum of its current credit exposure reported in Schedule HC-R, memorandum item 1, plus the potential future exposure over the remaining life of the derivative contract (regardless of its current credit exposure, if any). The current credit exposure of a derivative contract is (1) the fair value of the contract when that fair value is positive and (2) zero when the fair value of the contract is negative or zero. The potential future credit exposure of a contract, which is based on the type of contract and the contract's remaining maturity, is determined by multiplying the notional principal amount of the contract by the appropriate credit conversion factor from the chart presented below. The notional principal amounts of the reporting bank holding company's derivatives that are subject to the risk-based capital requirements are reported in Schedule HC-R, Memorandum items 2(a) through 2(g)(2).

Under the risk-based capital standards and for purposes of Schedule HC-R, the existence of a legally enforceable bilateral netting agreement between the reporting bank holding company and a counterparty may be taken into consideration when determining both the current credit exposure and the potential future exposure of derivative contracts. For further information on the treatment of bilateral netting agreements covering derivative contracts, refer to the instructions for Schedule HC-R, Memorandum item 1, and the risk-based capital standards.

*In column C—0% risk weight*, include the credit equivalent amount of derivative contracts with 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, items 34 through 42, above.

| Remaining maturity                        | Interest rate contracts | Foreign exchange and gold contracts | Equity contracts | Precious metals contracts (except gold) | Other commodity contracts |
|---|-------------------------|-------------------------------------|------------------|---|---------------------------|
| One year or less .....                    | 0.0%                    | 1.0%                                | 6.0%             | 7.0%                                    | 10.0%                     |
| More than one year through five years ... | 0.5%                    | 5.0%                                | 8.0%             | 7.0%                                    | 12.0%                     |
| More than five years .....                | 1.5%                    | 7.5%                                | 10.0%            | 8.0%                                    | 15.0%                     |

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## Schedule HC-R

*In column D—20% risk weight*, include the credit equivalent amount of derivative contracts with 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, items 34 through 42, above.

*In column E—50% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C and D.

### Totals

#### **Line Item 55 Total assets, derivatives, and off-balance sheet items by risk weight category.**

Report the sum of items 43 through 54 for each column (columns C through F).

#### **Line Item 56 Risk weight factor.**

#### **Line Item 57 Risk-weighted assets by risk weight category.**

For each of columns C through F, multiply the amount in item 55 by the risk weight factor specified for that column in item 56.

#### **Line Item 58 Market risk equivalent assets.**

NOTE: Item 58 is applicable only to bank holding companies that are subject to the market risk capital guidelines.

Report the amount of the bank holding company's market risk equivalent assets. For further background information, bank holding companies should refer to the discussion of "Bank holding companies that are subject to the market risk capital guidelines" in the Risk-Weighted Assets section of these instructions and the capital guidelines for specific instructions on the calculation of the measure for market risk.

The value-at-risk (VAR) of the a bank holding company's covered positions should be used to determine the bank holding company's measure for market risk. Covered positions include all positions in a bank holding company's trading account and foreign exchange and commodity positions, whether or not in the trading account. VAR is an estimate of the amount by which a bank holding company's positions in a risk category could decline due to expected losses in the bank holding company's portfolio due to market movements during a

given period, measured with a specified confidence level. A bank holding company's measure for market risk equals the sum of its VAR-based capital charge, the specific risk add-on (if any), and the capital charge for de minimus exposures (if any). A bank holding company's market risk equivalent assets equal its measure for market risk multiplied by 12.5 (the reciprocal of the minimum 8.0 percent capital ratio).

Bank holding companies subject to the market risk capital guidelines must maintain an overall minimum 8.0 percent ratio of total qualifying capital (the sum of Tier 1 capital (both allocated and excess), Tier 2 capital (both allocated and excess), and Tier 3 capital (allocated for market risk), net of all deductions) to risk-weighted assets and market risk equivalent assets. Bank holding companies should refer to the capital guidelines for specific instructions on the calculation of the measure for market risk.

#### **Line Item 59 Risk-weighted assets before deductions for excess allowance for loan and lease losses and allocated transfer risk reserve.**

Report the sum of item 57, columns C through F, and item 58.

#### **Line Item 60 LESS: Excess allowance for loan and lease losses.**

Report the amount, if any, by which the bank holding company's allowance for loan and lease losses exceeds 1.25 percent of the bank holding company's gross risk-weighted assets. The amount to be reported in this item is Schedule HC, item 4(c), less Schedule HI-B, part II, memorandum item 1, plus Schedule HC-G, item 3, less Schedule HC-R, item 14.

#### **Line Item 61 LESS: Allocated transfer risk reserve.**

Report the entire amount of any allocated transfer risk reserve the reporting bank holding company is required to establish and maintain as specified in Section 905(a) of the International Lending Supervision Act of 1983, in the Federal Reserve's regulation implementing the Act (Subpart D of Federal Reserve Regulation K), and in any guidelines, letters, or instructions issued by the Federal Reserve. The entire amount of the ATRR equals the ATRR related to loans and leases held for investment

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## Schedule HC-R

(which is reported in Schedule HI-B, part II, memorandum item 1) plus the ATRR for assets other than loans and leases held for investment.

### **Line Item 62 Total risk-weighted assets.**

Report the amount derived by subtracting items 60 and 61 from item 59.

### Memoranda

#### **Line Item M1 Current credit exposure across all derivative contracts covered by the risk-based capital standards.**

Report the total current credit exposure amount for all interest rate, foreign exchange, commodity, and equity derivative contracts covered by the risk-based capital standards after considering applicable legally enforceable bilateral netting agreements. Bank holding companies that are subject to the market risk capital guidelines should exclude all covered positions subject to these guidelines, except for foreign exchange derivatives that are outside of the trading account and all over-the-counter (OTC) derivatives. Foreign exchange derivatives that are outside of the trading account and all OTC derivatives continue to have a counterparty credit risk capital charge and, therefore, a current credit exposure amount for these derivatives should be reported in this item.

Include the current credit exposure arising from credit derivative contracts where the bank holding company is the protection purchaser (beneficiary) and the credit derivative contract is either (a) defined as a covered position under the market risk rule or (b) not defined as a covered position under the market risk rule and is not recognized as a guarantee for risk-based capital purposes.

The following types of derivative contracts are not covered by the risk-based capital standards:

- (1) interest rate, foreign exchange, equity, commodity and other derivative contracts traded on exchanges that require daily payment of variation margin,
- (2) foreign exchange contracts with an original maturity of fourteen calendar days or less, and
- (3) all written option contracts except for those that are, in substance, financial guarantees.

Purchased options held by the reporting bank holding company that are traded on an exchange are covered by the risk-based capital standards unless such options are

subject to a daily variation margin. Variation margin is defined as the gain or loss on open positions, calculated by marking to market at the end of each trading day. Such gain or loss is credited or debited by the clearing house to each clearing member's account, and by members to their customers' accounts.

If a written option contract acts as a financial guarantee, then it will be treated as a direct credit substitute for risk-based capital purposes and the notional amount of the option should be included in Schedule HC-R, item 52, column A, as an "other off-balance sheet liability." An example of such a contract occurs when the reporting bank holding company writes a put option to a second institution which has a loan to a third party. The strike price would be the equivalent of the par value of the loan. If the credit quality of the loan deteriorates, thereby reducing the value of the loan to the second institution, the reporting bank holding company would be required by the second institution to take the loan onto its books.

Current credit exposure (sometimes referred to as the placement cost) is the fair value of a contract when that fair value is positive. The current credit exposure is zero when the fair value is negative or zero. Current credit exposure should be derived as follows: Determine whether a legally enforceable bilateral netting agreement is in place between the reporting bank holding company and a counterparty. If such an agreement is in place, the fair values of all applicable derivative contracts with that counterparty that are included in the netting agreement are netted to a single amount. Next, for all other contracts covered by the risk-based capital standards that have positive fair values, the total of the positive fair values is determined. Then, report in this item the sum of (i) the net positive fair values of applicable derivative contracts subject to legally enforceable bilateral netting agreements and (ii) the total positive fair values of all other contracts covered by the risk-based capital standards. The current credit exposure reported in this item is a component of the credit equivalent amount of derivative contracts that is to be reported in Schedule HC-R, item 54, column B.

Consistent with the risk-based capital guidelines, if a bilateral netting agreement covers off-balance sheet derivative contracts that are normally not covered by the risk-based capital standards (e.g., foreign exchange contracts with an original maturity of 14 calendar days or less and

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## Schedule HC-R

contracts traded on exchanges that require daily payment of variation margin), the reporting bank holding company may elect to consistently either include or exclude the fair values of all such derivative contracts when determining the net current credit exposure for that agreement.

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

### **Line Item M2 Notional principal amounts of derivative contracts.**

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

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

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

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

For descriptions of "interest rate contracts," "foreign exchange contracts," "commodity and other contracts," and "equity derivative contracts," refer to the instructions for Schedule HC-L, item 11. For a description of "credit derivative contracts," refer to the instructions for Schedule HC-L, item 7.

### **Line Item M2(a) Interest rate contracts.**

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

### **Line Item M2(b) Foreign exchange contracts.**

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

### **Line Item M2(c) Gold contracts.**

Report the remaining maturities of gold contracts that are subject to risk-based capital requirements.

### **Line Item M2(d) Other precious metals contracts.**

Report the remaining maturities of other precious metals contracts that are subject to risk-based capital requirements. Report all silver, platinum, and palladium contracts.

### **Line Item M2(e) Other commodity contracts.**

Report the remaining maturities of other commodity contracts that are subject to risk-based capital requirements. For contracts with multiple exchanges of principal, notional amount is determined by multiplying the contractual amount by the number of remaining payments (i.e., exchanges of principal) in the derivative contract.

### **Line Item M2(f) Equity derivative contracts.**

Report the remaining maturities of equity derivative contracts that are subject to risk-based capital requirements.

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## Schedule HC-R

**Line Item M2(g) Credit derivative contracts: Purchased credit protection that (a) is a covered position under the market risk rule or (b) is not a covered position under the market risk rule and is not recognized as a guarantee for risk-based capital purposes.**

Report in the appropriate subitem the remaining maturities of credit derivative contracts where the bank holding company is the protection purchaser (beneficiary) and the credit derivative contract is either (a) defined as a covered position under the market risk rule or (b) not defined as a covered position under the market risk rule and is not recognized as a guarantee for risk-based capital purposes. Bank holding companies should report the full gross notional amount of all such credit derivative contracts in the appropriate subitem.

**Line Item M2(g)(1) Investment grade.**

Report the remaining maturities of those credit derivative contracts described in Schedule HC-R, Memorandum item 2(g), above, where the underlying reference asset is rated investment grade or, if not rated, is the equivalent of investment grade under the bank holding company's internal credit rating system.

**Line Item M2(g)(2) Subinvestment grade.**

Report the remaining maturities of those credit derivative contracts described in Schedule HC-R, Memorandum item 2(g), above, where the underlying reference asset is rated below investment grade, i.e., subinvestment grade, or, if not rated, is the equivalent of below investment grade under the bank holding company's internal credit rating system.

**Line Item M3 Preferred stock (including related surplus) eligible for inclusion in Tier 1 capital.**

**Line Item M3(a) Noncumulative perpetual preferred stock (included and reported in "Total equity capital," on Schedule HC).**

Report all noncumulative perpetual preferred stock included and reported in "Total equity capital," on Schedule HC that is eligible for inclusion in Tier 1 capital. Report all amounts net of any noncumulative perpetual preferred stock included in treasury stock. Also report noncumulative perpetual preferred stock net of the offsetting debit to the liability recorded by the reporting bank holding company in connection with its ESOP debt

to the extent that the proceeds of the borrowings were used to purchase the holding company's or its consolidated subsidiaries' perpetual preferred stock.

**Line Item M3(b) Not applicable.**

**Line Item M3(c) Other noncumulative preferred stock eligible for inclusion in Tier 1 capital (e.g. REIT preferred securities) (included in Schedule HC, item 27(b)).**

Report all other noncumulative preferred stock included and reported in Schedule HC, item 27(b), "Noncontrolling (minority) interests in consolidated subsidiaries," that is eligible for inclusion in tier 1 capital. Include instruments such as preferred securities issued by real estate investment trusts (REITs). REITs are special purpose entities that hold real estate related assets and issue preferred stock that pay dividends distributing most of the REIT's income to investors. Such income is taxed as income to the investors rather than the REIT.

**Line Item M3(d) Other cumulative preferred stock eligible for inclusion in Tier 1 capital (excluding trust preferred securities) (included in Schedule HC, item 20 or 27(b)).**

Report all other cumulative preferred stock included and reported in Schedule HC, item 20, "Other liabilities" or item 27(b), "Noncontrolling (minority) interests in consolidated subsidiaries," that is eligible for inclusion in Tier 1 capital. Include other cumulative preferred stock that is eligible for inclusion in Tier 1 capital but is not included in line item M8(c). *Exclude* instruments generally known as trust preferred securities that are issued by *consolidated* special purpose entities and reported in Schedule HC, item 19(b). Also *exclude* notes payable to *unconsolidated* special purpose entities that issue trust preferred securities.

**Line Item M4 Offsetting debit to the liability (i.e., the contra account) for Employee Stock Ownership Plan (ESOP) debt guaranteed by the reporting bank holding company.**

Report in this item the total dollar amount of the offsetting debit to the liability (i.e., the equity contra account) for an Employee Stock Ownership Plan (ESOP) debt implicitly or explicitly guaranteed by the reporting bank holding company. This amount should be reduced as the guaranteed debt is amortized. When an ESOP borrows money and that debt is guaranteed by the employer bank

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## Schedule HC-R

holding company, the obligation of the ESOP is to be reported as a liability on the books of the employer (i.e., the reporting bank holding company). The offsetting debit to that liability is to be reported in this item. As no real expansion of equity has occurred, this offsetting debit is to be reported by the reporting bank holding company as a reduction of shareholders' equity and, for purposes of this report, included in Schedule HC, item 26(c), "Other equity capital components," as well as being separately reported in this item.

### **Line Item M5 Treasury stock (including offsetting debit to the liability for ESOP debt).**

Report the amount of treasury stock in the form of perpetual preferred stock in memorandum item 5(a) and in the form of common stock in memorandum item 5(b). These amounts are also reported in Schedule HC, item 26(c), "Other equity capital components." The amounts reported in memorandum items 5(a) and 5(b) should include the amount of the offsetting debit to the liability recorded by the reporting bank holding company in connection with its ESOP's debt (and reported separately in memorandum item 4 above). The offsetting debit should be allocated based on what type of stock the ESOP purchased with the proceeds of the borrowings.

For example, if the holding company's ESOP uses the proceeds of its borrowings to purchase the perpetual preferred stock of the bank holding company or its consolidated subsidiaries, then the amount of the offsetting debit to the liability recorded for that debt should be included in memorandum item 5(a). If, however, the holding company's ESOP uses the proceeds of its borrowings to purchase the common stock of the bank holding company or its consolidated subsidiaries, then the amount of the offsetting debit to the liability recorded for that debt should be reported in memorandum item 5(b).

### **Line Item M6 Market risk equivalent assets attributable to specific risk.**

NOTE: Memorandum item 6 is applicable only to bank holding companies that are subject to the market risk capital guidelines.

Report the amount of the bank holding company's market risk equivalent assets attributable to specific risk, included in Schedule HC-R, item 58, "Market risk

equivalent assets." Specific risk refers to changes in the market value of specific positions due to factors other than broad market movements and includes event and default risk. For further background information, bank holding companies should refer to the discussion of "Bank holding companies that are subject to the market risk capital guidelines" in the Risk-Weighted Assets section of these instructions, the line item instructions for Schedule HC-R, item 58, and the capital guidelines for specific instructions on the calculation of the measure of market risk.

### **Line Item M7 Not applicable.**

### **Line Item M8 Restricted core capital elements included in Tier 1 capital.**

Report in the appropriate sub-item components of restricted core capital elements that are eligible for inclusion in tier 1 capital as determined in the section, "Reporting of Qualifying Restricted Core Capital Elements," described above.

#### **Line Item M8(a) Qualifying Class B noncontrolling (minority) interest.**

Report that portion of Class B noncontrolling (minority) interest that is eligible for inclusion in Tier 1 capital as determined in the section, "Reporting of Qualifying Restricted Core Capital Elements," described above (included in Schedule HC, item 27(b) and Schedule HC-R, item 6(b)). Class B noncontrolling interest is defined as cumulative perpetual preferred stock directly issued by a consolidated subsidiary that is a U.S. depository institution or foreign bank, not attributable, directly or indirectly, to the parent bank holding company. Report the full amount of qualifying Class B noncontrolling (minority) interest that the bank holding company has outstanding that is includible in Tier 1 capital under the limits effective as of March 31, 2011.

#### **Line Item M8(b) Qualifying Class C noncontrolling (minority) interest.**

Report that portion of Class C noncontrolling (minority) interest that is eligible for inclusion in Tier 1 capital as determined in the section, "Reporting of Qualifying Restricted Core Capital Elements," described above (included in Schedule HC, item 27(b) and Schedule HC-R, item 6(b)). Class C noncontrolling interest is defined as common stockholders' equity or perpetual preferred stock issued by a consolidated subsidiary that is

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## Schedule HC-R

neither a U.S. depository institution nor a foreign bank, not attributable, directly or indirectly, to the parent bank holding company. Report the full amount of qualifying Class C noncontrolling (minority) interest that the bank holding company has outstanding that is includible in Tier 1 capital under the limits effective as of March 31, 2011.

### **Line Item M8(c) Qualifying cumulative perpetual preferred stock.**

Report that portion of cumulative perpetual preferred stock that is eligible for inclusion in Tier 1 capital as determined in the section, "Reporting of Qualifying Restricted Core Capital Elements," described above (included in Schedule HC, item 27(a) and Schedule HC-R, item 1). Cumulative perpetual preferred stock is perpetual preferred stock for which dividends may be deferred, and if deferred accumulate to future periods and must be paid before the payment of dividends on any subordinated securities (e.g., common stock). It includes those cumulative issues of preferred stock that automatically convert into common stock at a stated date. Report all amounts net of any cumulative perpetual preferred stock included in treasury stock. Also report cumulative perpetual preferred stock net of the offsetting debit to the liability recorded by the reporting bank holding company in connection with its ESOP debt to the extent that the proceeds of the borrowings were used to purchase the holding company's or its consolidated subsidiaries' perpetual preferred stock.

### **Line Item M8(d) Qualifying trust preferred securities.**

Report that portion of trust preferred securities that is eligible for inclusion in Tier 1 capital as determined in the section, "Reporting of Qualifying Restricted Core Capital Elements," described above (included in Schedule HC, item 19(b) and Schedule HC-R, item 6(b)). For special purpose entities that issue trust preferred securities and are not consolidated, bank holding companies should report the amount of the notes payable to the unconsolidated subsidiary, net of the bank holding company's investment in the special purpose entity, which is eligible for inclusion in Tier 1 capital. Report the full amount of qualifying trust preferred securities that the bank holding company is allowed to include in Tier 1 capital under the quantitative limits effective as of March 31, 2011.

### **Line Item M9 Goodwill net of any associated deferred tax liability.**

Report the carrying amount of goodwill reported in Schedule HC, item 10(a), net of any deferred tax liability associated with this goodwill (net amount included in Schedule HC-R, item 7(a)).

### **Line Item M10 Ratio of qualifying restricted core capital elements to total core capital elements less (goodwill net of any associated deferred tax liability).**

Report the ratio of qualifying restricted core capital elements to total qualifying core capital elements less goodwill (net of any associated deferred tax liability) as a percentage, rounded to two decimal places. This ratio should be determined based on the new tighter limits effective as of March 31, 2011. The ratio is calculated as follows:

#### ***Ratio for Non-Internationally Active Bank Holding Companies Subject to the 25 Percent Limit, and for Internationally Active Bank Holding Companies Subject to the 15 Percent Limit***

*Numerator of the Restricted Core Capital Elements Ratio for Non-Internationally Active BHCs Subject to the 25 Percent Limit, and for Internationally Active BHCs Subject to the 15 Percent Limit:*

HC-R, memoranda item 8(a), "Qualifying Class B noncontrolling (minority) interest"

+ HC-R, memoranda item 8(b), "Qualifying Class C noncontrolling (minority) interest"

+ HC-R, memoranda item 8(c), "Qualifying cumulative perpetual preferred stock"

+ HC-R, memoranda item 8(d), "Qualifying trust preferred securities"

= Total Qualifying Restricted Core Capital Elements

*Denominator of the Restricted Core Capital Elements Ratio for Non-Internationally Active BHCs Subject to the 25 Percent Limit, and for Internationally Active BHCs Subject to the 15 Percent Limit:*

HC-R, item 1, "Total equity capital (from Schedule HC, item 27(a))"

+ HC-R, item 6(a), "Qualifying Class A noncontrolling (minority) interests in consolidated subsidiaries"

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## Schedule HC-R

+ HC-R, item 6(b), “Qualifying restricted core capital elements (other than cumulative perpetual preferred stock)”

+ HC-R, item 6(c), “Qualifying mandatory convertible preferred securities of internationally active bank holding companies”

- HC-R, item 2, “Net unrealized gains (losses) on available-for-sale securities (if gain, report as a positive value; if a loss report as a negative value)”

- HC-R, item 3, “Net unrealized loss on available-for-sale equity securities (report loss as a positive value)”

- HC-R, item 4, “Accumulated net gains (losses) on cash flow hedges (if a gain, report as a positive value; if a loss, report as a negative value)”

- HC-R, item 5, “LESS: Nonqualifying perpetual preferred stock”

- HC-R, memoranda item 9, “Goodwill net of any associated deferred tax liability”

= Total Qualifying Core Capital Elements

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## LINE ITEM INSTRUCTIONS FOR

# Servicing, Securitization, and Asset Sale Activities Schedule HC-S

### General Instructions

Schedule HC-S should be completed on a fully consolidated basis. Schedule HC-S includes information on 1–4 family residential mortgages and other financial assets serviced for others (in Memorandum items 2(a), 2(b), and 2(c)). Schedule HC-S also includes information on assets that have been securitized or sold and are not reportable on the balance sheet (Schedule HC), except for credit-enhancing interest-only strips (which are reported in item 2(a) of this schedule), subordinated securities and other enhancements (which are reported in items 2(b), 2(c), and 9 and Memorandum items 3(a)(1) and (2)), and seller's interests (which are reported in items 6(a) and 6(b)).

### Column Instructions

**Column A, 1–4 Family Residential Loans:** 1–4 family residential loans are permanent closed-end loans secured by first or junior liens on 1–to–4 family residential properties as defined for Schedule HC-C, items 1(c)(2)(a) and 1(c)(2)(b).

**Column B, Home Equity Lines:** Home equity lines are revolving, open-end lines of credit secured by 1–to–4 family residential properties as defined for Schedule HC-C, item 1(c)(1).

**Column C, Credit Card Receivables:** Credit card receivables are extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards as defined for Schedule HC-C, item 6(a).

**Column D, Auto Loans:** Auto loans are loans to individuals for the purpose of purchasing private passenger vehicles, including minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use, as defined for Schedule HC-C, item 6(c).

**Column E, Other Consumer Loans:** Other consumer loans are loans to individuals for household, family, and other personal expenditures as defined for Schedule HC-C, items 6(b) and 6(d).

**Column F, Commercial and Industrial Loans:** Commercial and industrial loans are loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than by real estate) or unsecured, single-payment or installment, as defined for Schedule HC-C, item 4.

**Column G, All Other Loans, All Leases, and All Other Assets:** All other loans are loans that cannot properly be reported in Columns A through F of this schedule as defined for Schedule HC-C, items 1(a), 1(b), 1(d), 1(e), 2, 3, and 7 through 9. All leases are all lease financing receivables as defined for Schedule HC-C, item 10. All other assets are all assets other than loans and leases, e.g., securities.

For purposes of items 1 through 10 of Schedule HC-S on bank securitization activities and other securitization facilities, information about each separate securitization should be included in only one of the seven columns of this schedule. The appropriate column for a particular securitization should be based on the predominant type of loan, lease, or other asset included in the securitization and this column should be used consistently over time. For example, a securitization may include auto loans to individuals and to business enterprises. If these auto loans are predominantly loans to individuals, all of the requested information about this securitization should be included in Column D, Auto Loans.

### Definitions

For purposes of this schedule, the following definitions of terms are applicable.

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## Schedule HC-S

*Recourse or other seller-provided credit enhancement* means an arrangement in which the reporting institution retains, in form or in substance, any risk of credit loss directly or indirectly associated with a transferred (sold) asset that exceeds its pro rata claim on the asset. It also includes a representation or warranty extended by the reporting institution when it transfers an asset, or assumed by the institution when it services a transferred asset, that obligates the institution to absorb credit losses on the transferred asset. Such an arrangement typically exists when the institution transfers assets and agrees to protect purchasers or some other party, e.g., investors in securitized assets, from losses due to default by or nonperformance of the obligor on the transferred assets or some other party. The reporting institution provides this protection by retaining:

- (1) an interest in the transferred assets, e.g., credit-enhancing interest-only strips, “spread” accounts, subordinated interests or securities, collateral invested amounts, and cash collateral accounts, that absorbs losses, or
- (2) an obligation to repurchase the transferred assets

in the event of a default of principal or interest on the transferred assets or any other deficiency in the performance of the underlying obligor or some other party.

*Credit-enhancing interest-only strip*, as defined in the regulatory capital standards, means an on-balance sheet asset that, in form or in substance: (i) represents the contractual right to receive some or all of the interest due on transferred assets; and (ii) exposes the bank holding company to credit risk directly or indirectly associated with the transferred assets that exceeds a pro rata share of the bank holding company’s claim on the assets, whether through subordination provisions or other credit enhancement techniques. Credit-enhancing interest-only strips include other similar “spread” assets and can be either retained or purchased.

*Subordinated interests and subordinated securities* retained by the institution when it securitizes assets expose the institution to more than its pro rata share of loss and thus are considered a form of credit enhancement to the securitization structure.

*Liquidity facility* means any arrangement, including servicer cash advances, in which the reporting institution is

obligated to provide funding to a securitization structure to ensure investors of timely payments on issued securities, e.g., by smoothing timing differences in the receipt of interest and principal payments on the underlying securitized assets, or to ensure investors of payments in the event of market disruptions. Advances under such a facility are typically reimbursed from subsequent collections by the securitization structure and are not subordinated to other claims on the cash flows from the underlying assets and, therefore, should generally not be construed to be a form of credit enhancement. However, if the advances under such a facility are subordinated to other claims on the cash flows, the facility should be treated as a credit enhancement for purposes of this schedule.

*Seller’s interest* means the reporting institution’s ownership interest in loans that have been securitized, except an interest that is a form of recourse or other seller-provided credit enhancement. Seller’s interests should be reported on Schedule HC—Balance Sheet—as securities or as loans depending on the form in which the interest is held. However, seller’s interests differ from the securities issued to investors by the securitization structure. The principal amount of a seller’s interest is generally equal to the total principal amount of the pool of assets included in the securitization structure less the principal amount of those assets attributable to investors, i.e., in the form of securities issued to investors.

### Bank Securitization Activities

NOTE: After the effective date of ASC Topic 860, Transfers and Servicing, and ASC Subtopic 810-10, Consolidation – Overall, resulting from Accounting Standards Update (ASU) No. 2009-16 (formerly FASB Statement No. 166, *Accounting for Transfers of Financial Assets*) and ASU No. 2009-17 (formerly FASB Statement No. 167, *Amendments to FASB Interpretation No. 46(R)*), respectively, a bank holding company should report information in Schedule HC-S, items 1 through 8, only for those securitizations for which the transferred assets qualify for sale accounting or are otherwise not carried as assets on the bank holding company’s consolidated balance sheet. Thus, if a securitization transaction that qualified for sale accounting prior to the effective date of ASC Topic 860 and ASC Subtopic 810-10 must be brought back onto the reporting bank holding company’s consolidated balance sheet upon adoption of these statements, the bank holding company would no longer

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# Schedule HC-S

report information about the securitization in Schedule HC-S, items 1 through 8.

## Line Item Instructions

### Securitization Activities

#### **Line Item 1 Outstanding principal balance of assets sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements.**

Report in the appropriate column the principal balance outstanding as of the report date of loans, leases, and other assets, which the reporting institution has sold and securitized while:

- (1) retaining the right to service these assets, or
- (2) when servicing has not been retained, retaining recourse or providing other seller-provided credit enhancements to the securitization structure. Include in column C the amount outstanding of any credit card fees and finance charges that the reporting bank holding company has securitized and sold in connection with its securitization and sale of credit card receivable balances.

*Exclude* the principal balance of loans underlying seller's interests owned by the reporting institution; report the amount of seller's interests in Schedule HC-S, item 6. Also exclude small business obligations transferred with recourse under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994, which are to be reported in Schedule HC-S, memorandum item 1, below.

Do *not* report in this item the outstanding balance of 1–4 family residential mortgages sold to the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) that the government-sponsored agency in turn securitizes. Report 1–4 family residential mortgages sold to Fannie Mae or Freddie Mac with recourse or other seller-provided credit enhancements in Schedule HC-S, item 11, column A, and report the maximum credit exposure arising from the enhancements in item 12, column A. If servicing has been retained on the 1–4 family residential mortgages, report the outstanding principal balance of the mortgages in Schedule HC-S, Memorandum item 2(a) or 2(b) depending on whether the servicing is performed with or without recourse or other servicer-provided credit

enhancements. If the reporting institution has both retained the servicing and provided credit enhancements, report the principal balance of the 1–4 family residential mortgages in Schedule HC-S, item 11, column A, and in Memorandum item 2(a).

*Exclude* securitizations that have been accounted for as secured borrowings because the transactions do not meet the criteria for sale accounting under generally accepted accounting principles. The securitized loans, leases, and other assets should continue to be carried as assets on the reporting institution's balance sheet.

#### **Line Item 2 Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to structures reported in item 1.**

Report in the appropriate subitem the maximum contractual credit exposure remaining as of the report date under recourse arrangements and other seller-provided credit enhancements provided by the reporting institution to securitization structures reported in Schedule HC-S, item 1, above. Do not report as the remaining maximum contractual exposure a reasonable estimate of the probable loss under the recourse arrangements or credit enhancement provisions or the fair value of any liability incurred under such provisions. Furthermore, do not reduce the remaining maximum contractual exposure by the amount of any associated recourse liability account. Report exposure amounts gross rather than net of any tax effects, e.g., any associated deferred tax liability.

Do not include unused portions of commitments that function as liquidity facilities (report such unused commitments in Schedule HC-S, item 3).

#### **Line Item 2(a) Credit enhancing interest-only strips.**

Report in the appropriate column the carrying value of credit-enhancing interest-only strips included as securities in Schedules HC-B, as other assets in Schedule HC-F, or as trading assets in Schedule HC, item 5, that the reporting institution has retained as credit enhancements in connection with the securitization structures reported in Schedule HC-S, item 1, above.

#### **Line Item 2(b) Subordinated securities and other residual interests.**

Report in the appropriate column the carrying value of subordinated securities and other residual interests carried as on-balance sheet assets that the reporting bank

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## Schedule HC-S

holding company has retained in connection with the securitization structures reported in Schedule HC-S, item 1. *Exclude* retained credit-enhancing interest-only strips, which are to be reported in Schedule HC-S item 2(a).

### **Line Item 2(c) Standby letters of credit and other enhancements.**

Report in the appropriate column the unused portion of standby letters of credit and the maximum contractual amount of recourse or other credit exposure not in the form of an on-balance sheet asset that the reporting bank holding company has provided or retained in connection with the securitization structures reported in Schedule HC-S, item 1.

### **Line Item 3 Reporting institution's unused commitments to provide liquidity to structures reported in item 1.**

Report in the appropriate column the unused portions of commitments provided by the reporting institution to thesecuritization structures reported in Schedule HC-S, item 1, above that function as liquidity facilities.

### **Line Item 4 Past due loan amounts included in item 1.**

Report in the appropriate subitem the outstanding principal balance of loans, leases, and other assets reported in Schedule HC-S, item 1, above that are 30 days or more past due as of the report date. For purposes of determining whether a loan, lease, or other asset reported in item 1 above is past due, the reporting criteria to be used are the same as those for columns A and B of Schedule HC-N.

#### **Line Item 4(a) 30–89 days past due.**

Report in the appropriate column the outstanding principal balance of loans, leases, and other assets reported in Schedule HC-S, item 1, above that are 30 to 89 days past due as of the report date.

#### **Line Item 4(b) 90 days or more past due.**

Report in the appropriate column the outstanding principal balance of loans, leases, and other assets reported in Schedule HC-S, item 1, above that are 90 days or more past due as of the report date.

### **Line Item 5 Charge-offs and recoveries on assets sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements (calendar year-to-date).**

Report in the appropriate subitem the amount of charge-offs and recoveries during the calendar year to date on loans, leases, and other assets that have been sold and securitized in the securitization structures reported in Schedule HC-S, item 1. If a securitization is no longer outstanding as of the report date, i.e., no amount is reported for the securitization in Schedule HC-S, item 1, do not report any year-to-date charge-offs and recoveries for the securitization in Schedule HC-S, items 5(a) and 5(b).

#### **Line Item 5(a) Charge-offs.**

Report in the appropriate column the amount of loans, leases, and other assets that have been sold and securitized by the reporting institution in the securitization structures reported in Schedule HC-S, item 1, above that have been charged off or otherwise designated as losses by the trustees of the securitizations, or other designated parties, during the calendar year-to-date.

Include in column C charge-offs or reversals of uncollectible credit card fees and finance charges that had been capitalized into the credit card receivable balances that have been securitized or sold.

#### **Line Item 5(b) Recoveries.**

Report in the appropriate column the amount of recoveries of previously charged-off loans, leases, and other assets in the securitization structures reported in Schedule HC-S, item 1, above during the calendar year-to-date.

Include in column C recoveries of previously charged-off or reversed credit card fees and finance charges that had been capitalized into the credit card receivable balances that had been securitized and sold.

### **Line Item 6 Amount of ownership (or seller's) interests carried as securities or loans.**

Report in the appropriate subitem the carrying value of the reporting institution's ownership (or seller's) interests associated with the securitization structures reported in Schedule HC-S, item 1, above.

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## Schedule HC-S

### **Line Item 6(a) Securities (included in HC-B).**

Report in the appropriate column the carrying value of seller's interests in the form of a security that are included as available-for-sale or held-to-maturity securities in Schedule HC-B—Securities— or as trading securities in Schedule HC, item 5, "Trading assets." A seller's interest is in the form of a security only if the seller's interest meets the definition of a security in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*).

### **Line Item 6(b) Loans (included in HC-C).**

Report in the appropriate column the carrying value of seller's interests not in the form of a security. Such seller's interests are to be reported as loans and included in Schedule HC-C—Loans and Lease Financing Receivables.

### **Line Item 7 Past due loan amounts included in interests reported in item 6(a).**

Report in the appropriate subitem the outstanding principal balance of loans underlying the reporting institution's seller's interests reported in Schedule HC-S, item 6(a), above that are 30 days or more past due as of the report date. For purposes of determining whether a loan underlying the seller's interests reported in item 6(a) is past due, the reporting criteria to be used are the same as those for columns A and B of Schedule HC-N.

### **Line Item 7(a) 30–89 days past due.**

Report in the appropriate column the outstanding principal balance of loans underlying the seller's interests reported in Schedule HC-S, item 6(a), above that are 30–89 days past due as of the report date.

### **Line Item 7(b) 90 days or more past due.**

Report in the appropriate column the outstanding principal balance of loans underlying the seller's interests reported in Schedule HC-S, item 6(a), above that are 90 or more days past due as of the report date.

### **Line Item 8 Charge-offs and recoveries on loan amounts included in interests reported in item 6(a) (calendar year-to-date).**

Report in the appropriate subitem the amount of charge-offs and recoveries during the calendar year to date on

loans that had been underlying the seller's interests reported in Schedule HC-S, item 6(a), above.

### **Line Item 8(a) Charge-offs.**

Report in the appropriate column the amount of loans that had been underlying the seller's interests reported in Schedule HC-S, item 6(a), above that have been charged off or otherwise designated as losses by the trustees of the securitizations, or other designated parties, during the calendar year-to-date.

Include in column C the amount of credit card fees and finance charges written off as uncollectible that were attributable to the credit card receivables included in ownership interests reported as securities in item 6(a), column C.

### **Line Item 8(b) Recoveries.**

Report in the appropriate column the amount of recoveries of previously charged-off loans that had been underlying the seller's interests reported in Schedule HC-S, item 6(a), above during the calendar year-to-date.

Include in column C recoveries of previously charged-off or reversed credit card fees and finance charges that had been capitalized into the credit card receivable balances that had been securitized and sold.

### **For Securitization Facilities Sponsored By or Otherwise Established By Other Institutions**

### **Line Item 9 Maximum amount of credit exposure arising from credit enhancements provided by the reporting institution to other institutions' securitization structures in the form of standby letters of credit, purchased subordinated securities, and other enhancements.**

Report in the appropriate column the maximum contractual credit exposure remaining as of the report date under credit enhancements provided by the reporting institution to securitization structures sponsored by or otherwise established by other institutions or entities, i.e., securitizations not reported in Schedule HC-S, item 1, above. Report the unused portion of standby letters of credit, the carrying value of purchased subordinated securities and purchased credit-enhancing interest-only strips, and the maximum contractual amount of credit exposure arising from other on- and off-balance sheet credit enhancements

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## Schedule HC-S

that provide credit support to these securitization structures. Do not report as the remaining maximum contractual exposure a reasonable estimate of the probable loss under credit enhancement provisions or the fair value of any liability incurred under such provisions. Furthermore, do not reduce the remaining maximum contractual exposure by the amount of any associated recourse liability account. Report exposure amounts gross rather than net of any tax effects, e.g., any associated deferred tax liability.

Exclude the amount of credit exposure arising from loans, leases, and other assets that the reporting institution has sold with recourse or other seller-provided credit enhancements to other institutions or entities, which then securitized the loans, leases, and other assets purchased from the reporting institution (report this exposure in Schedule HC-S, item 12, below). Also exclude the amount of credit exposure arising from credit enhancements provided to asset-backed commercial paper conduits (report this exposure in Schedule HC-S, Memorandum item 3(a)).

### **Line Item 10 Reporting institution's unused commitments to provide liquidity to other institutions' securitization structures.**

Report in the appropriate column the unused portions of commitments provided by the reporting bank that function as liquidity facilities to securitization structures sponsored by or otherwise established by other institutions or entities, i.e., securitizations not reported in Schedule HC-S, item 1, above. Exclude the amount of unused commitments to provide liquidity to asset-backed commercial paper conduits (report this amount in Schedule HC-S, Memorandum item 3(b)).

### **Asset Sales**

#### **Line Item 11 Assets sold with recourse or other seller-provided credit enhancements and not securitized.**

Report in the appropriate column the unpaid principal balance as of the report date of loans, leases, and other assets, which the reporting institution has sold with recourse or other seller-provided credit enhancements, but which were not securitized by the reporting institution. Include loans, leases, and other assets that the reporting institution has sold with recourse or other seller-provided credit enhancements to other institutions

or entities, whether or not the purchaser has securitized the loans and leases purchased from the reporting institution. Include 1–4 family residential mortgages that the reporting institution has sold to the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) with recourse or other seller-provided credit enhancements.

Exclude small business obligations transferred with recourse under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994, which are to be reported in Schedule HC-S, Memorandum item 1, below.

#### **Line Item 12 Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to assets reported in item 11.**

Report in the appropriate column the maximum contractual credit exposure remaining as of the report date under recourse arrangements or other seller-provided credit enhancements provided by the reporting institution in connection with its sales of the loans, leases, and other assets reported in Schedule HC-S, item 11, above. Report the unused portion of standby letters of credit, the carrying value of retained interests, and the maximum contractual amount of recourse or other credit exposure arising from other on- and off-balance sheet credit enhancements that the reporting institution has provided. Do not report as the remaining maximum contractual exposure a reasonable estimate of the probable loss under the recourse arrangements or credit enhancement provisions or the fair value of any liability incurred under such provisions. Furthermore, do not reduce the remaining maximum contractual exposure by the amount of any associated recourse liability account. Report exposure amounts gross rather than net of any tax effects, e.g., any associated deferred tax liability.

### **Memoranda**

#### **Line Item M1 Small business obligations transferred with recourse under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994.**

Report in the appropriate subitem the outstanding principal balance of and recourse exposure on small business loans and leases on personal property (small business

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## Schedule HC-S

obligations) which the reporting institution has transferred with recourse during the time the institution was a “qualifying institution” and did not exceed the retained recourse limit set forth in banking agency regulations implementing Section 208. Transfers of small business obligations with recourse that were consummated during such a time should be reported as sales for FR Y-9C reporting purposes if the transactions are treated as sales under generally accepted accounting principles (GAAP) and the institution establishes a recourse liability account that is sufficient under GAAP.

### **Line Item M1(a) Outstanding principal balance.**

Report the principal balance outstanding as of the report date for small business obligations which the reporting institution has transferred with recourse while it was a “qualifying institution” and did not exceed the retained recourse limit.

### **Line Item M1(b) Amount of retained recourse on these obligations as of the report date.**

Report the maximum contractual amount of recourse the reporting institution has retained on the small business obligations whose outstanding principal balance was reported in Schedule HC-S, Memorandum item 1(a), above, not a reasonable estimate of the probable loss under the recourse provision and not the fair value of the liability incurred under this provision. Furthermore, the remaining maximum contractual exposure should not be reduced by the amount of any associated recourse liability account. The amount of recourse exposure to be reported should not include interest payments the reporting institution has advanced on delinquent obligations. For small business obligations transferred with full (unlimited) recourse, the amount of recourse exposure to be reported is the outstanding principal balance of the obligations as of the report date. For small business obligations transferred with limited recourse, the amount of recourse exposure to be reported is the maximum amount of principal the transferring institution would be obligated to pay the holder of the obligations in the event the entire outstanding principal balance of the obligations transferred becomes uncollectible.

### **Line Item M2 Outstanding principal balance of assets serviced for others.**

Report in the appropriate subitem the outstanding principal balance of loans and other financial assets the report-

ing institution services for others, regardless of whether the servicing involves whole loans and other financial assets or only portions thereof, as is typically the case with loan participations. Include (1) the principal balance of loans and other financial assets owned by others for which the reporting institution has purchased the servicing (i.e., purchased servicing) and (2) the principal balance of loans and other financial assets that the reporting institution has either originated or purchased and subsequently sold, whether or not securitized, but for which it has retained the servicing duties and responsibilities (i.e., retained servicing). If the reporting institution services a portion of a loan or other financial asset for one or more other parties and owns the remaining portion of the loan or other financial asset, report only the principal balance of the portion of the asset serviced for others.

NOTE: After the effective date of ASC Topic 860, Transfers and Servicing, and ASC Subtopic 810-10, Consolidation – Overall, resulting from Accounting Standards Update (ASU) No. 2009-16 (formerly FASB Statement No. 166, *Accounting for Transfers of Financial Assets*) and ASU No. 2009-17 (formerly FASB Statement No. 167, *Amendments to FASB Interpretation No. 46(R)*), respectively, a bank holding company should report in Memorandum items 2(a) through 2(d) retained servicing only for those transferred assets or portions of transferred assets properly reported as sold in accordance with applicable generally accepted accounting principles as well as purchased servicing.

### **Line Item M2(a) Closed-end 1–4 family residential mortgages serviced with recourse or other servicer-provided credit enhancements.**

Report the outstanding principal balance of closed-end 1-to-4 family residential mortgage loans (as defined for Schedule HC-C, item 1(c)(2)) that the reporting institution services for others under servicing arrangements in which the reporting institution also provides recourse or other servicer-provided credit enhancements. Include closed-end 1–to–4 family residential mortgages serviced under regular option contracts (i.e., with recourse) with the Federal National Mortgage Association, serviced with recourse for the Federal Home Loan Mortgage Corporation, and serviced with recourse under other servicing contracts.

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## Schedule HC-S

### **Line Item M2(b) Closed-end 1–4 family residential mortgages serviced with no recourse or other servicer-provided credit enhancements.**

Report the outstanding principal balance of closed-end 1-to-4 family residential mortgage loans (as defined for Schedule HC-C, item 1(c)(2)) that the reporting institution services for others under servicing arrangements in which the reporting institution does not provide recourse or other servicer-provided credit enhancements.

### **Line Item M2(c) Other financial assets.**

*Memorandum item 2(c) is to be completed if the principal balance of loans and other financial assets serviced for others is more than \$10 million.* Report the outstanding principal balance of loans and other financial assets, other than closed-end 1-to-4 family residential mortgage loans, that the reporting institution services for others. These serviced financial assets may include, but are not limited to, home equity lines, credit cards, automobile loans, and loans guaranteed by the Small Business Administration.

### **Line Item M2(d) 1–4 family residential mortgages serviced for others that are in process of foreclosure at quarter-end.**

Report the total unpaid principal balance of loans secured by 1–4 family residential properties (as defined for Schedule HC-C, item 1(c)) serviced for others for which formal foreclosure proceedings to seize the real estate collateral have started and are ongoing as of quarter-end, regardless of the date the foreclosure procedure was initiated. Loans should be classified as in process of foreclosure according to the investor's or local requirements. Include loans where the servicing has been suspended in accordance with any of the investor's foreclosure 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 to the extent that (a) the investor has acquired title to the real estate, an entitling certificate, title subject to redemption, or title awaiting transfer to the Federal Housing Administration or the Veterans Administration or (b) the bank reports the real estate 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. The closed-end 1–4 family residential mortgage loans serviced for others that are in process of foreclosure and reported in this item will have also been included in Schedule HC-S, Memorandum items 2(a) and 2(b). The open-end 1–4 family residential mortgage loans serviced for others that are in process of foreclosure and reported in this item will also have been included in Schedule HC-S, Memorandum item 2(c), if the principal balance of such open-end mortgages and other financial assets serviced for others is more than \$10 million.

### **Line Item M3 Asset-backed commercial paper conduits:**

Report the requested information on credit enhancements and liquidity facilities provided to asset-backed commercial paper conduits in memorandum items 3(a) and 3(b), respectively, regardless of whether the reporting bank holding company must consolidate the conduit for reporting purposes in accordance with ASC Topic 810-10, Consolidation – Overall (formerly FASB Statement No. 167, *Amendments to FASB Interpretation No. 46(R)*).

### **Line Item M3(a) Maximum amount of credit exposure arising from credit enhancements provided to conduit structures in the form of standby letters of credit, subordinated securities, and other enhancements.**

Report in the appropriate subitem the maximum contractual credit exposure remaining as of the report date under standby letters of credit, subordinated securities, and other credit enhancements provided by the reporting institution to asset-backed commercial paper conduit structures. Do not report in these subitems a reasonable estimate of the probable loss under the credit enhancement provisions or the fair value of any liability incurred under such provisions.

### **Line Item M3(a)(1) Conduits sponsored by the bank, a bank affiliate, or the bank holding company.**

Report the unused portion of standby letters of credit, the carrying value of subordinated securities, and the maximum contractual amount of credit exposure arising from other credit enhancements that the reporting institution has provided to asset-backed commercial paper conduit structures sponsored by the reporting institution's bank(s),

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## Schedule HC-S

an affiliate of the bank or bank holding company, or the reporting bank holding company.

### **Line Item M3(a)(2) Conduits sponsored by other unrelated institutions.**

Report the unused portion of standby letters of credit, the carrying value of subordinated securities, and the maximum contractual amount of credit exposure arising from other credit enhancements that the reporting institution has provided to asset-backed commercial paper conduit structures other than those sponsored by the reporting institution's bank(s), an affiliate of the bank or bank holding company, or the reporting bank holding company.

### **Line Item M3(b) Unused commitments to provide liquidity to conduit structures.**

Report in the appropriate subitem the unused portions of commitments provided by the reporting institution that function as liquidity facilities to asset-backed commercial paper conduit structures. Typically, these facilities take the form of a *Backstop Line (Loan Agreement)* or an *Asset Purchase Agreement*. Under a backstop line, the reporting institution advances funds to the conduit when a draw is required under the liquidity facility. The advance is secured by the cash flow of the underlying asset pools. Under an asset purchase agreement, the reporting institution purchases a specific pool of assets from the conduit when a draw is required under the liquidity facility. Typically, the reporting institution is repaid from the cash flow on the purchased assets or from the sale of the purchased pool of assets.

### **Line Item M3(b)(1) Conduits sponsored by the bank, a bank affiliate, or the bank holding company.**

Report the unused portions of commitments provided by the reporting institution that function as liquidity facilities to asset-backed commercial paper conduit structures sponsored by the reporting institution's bank(s), an affiliate of the bank or bank holding company, or the reporting bank holding company.

### **Line Item M3(b)(2) Conduits sponsored by other unrelated institutions.**

Report the unused portions of commitments provided by the reporting institution that function as liquidity facilities

to asset-backed commercial paper conduit structures *other than those* sponsored by the reporting institution's bank(s), an affiliate of the bank or bank holding company, or the reporting bank holding company.

### **Line Item M4 Outstanding credit card fees and finance charges.**

*This item is to be completed by (1) bank holding companies that, together with affiliated institutions, have outstanding credit card receivables that exceed \$500 million as of the report date or (2) bank holding companies that on a consolidated basis are credit card specialty holding companies.*

Outstanding credit card receivables are the sum of:

- (a) *Schedule HC-C, item 6(a), column A;*
- (b) *Schedule HC-S, item 1, column C; and*
- (c) *Schedule HC-S, item 6(a), column C.*

*Credit card specialty bank holding companies are defined as those bank holding companies that on a consolidated basis exceed 50 percent for the following two criteria:*

- (a) *the sum of credit card loans (Schedule HC-C, item 6(a), column A) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C) divided by the sum of total loans (Schedule HC-C, item 12, column A) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C); and*
- (b) *the sum of total loans (Schedule HC-C, item 12, column A) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C) divided by the sum of total assets (Schedule HC, item 12) plus securitized and sold credit card receivables (Schedule HC-S, item 1, column C).*

Report the amount outstanding of credit card fees and finance charges that the bank holding company has securitized and sold in connection with its securitization and sale of the credit card receivables reported in Schedule HC-S, item 1, column C.

# Variable Interest Entities

## Schedule HC-V

### General Instructions

A variable interest entity (VIE), as described in ASC Topic 810, Consolidation (formerly FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*, as amended by FASB Statement No. 167, *Amendments to FASB Interpretation No. 46(R)*), is an entity in which equity investors do not have sufficient equity at risk for that entity to finance its activities without additional subordinated financial support or, as a group, the holders of the equity investment at risk lack one or more of the following three characteristics: (a) the power, through voting rights or similar rights, to direct the activities of an entity that most significantly impact the entity's economic performance, (b) the obligation to absorb the expected losses of the entity, or (c) the right to receive the expected residual returns of the entity.

Variable interests in a VIE are contractual, ownership, or other pecuniary interests in an entity that change with changes in the fair value of the entity's net assets exclusive of variable interests. When a bank holding company or other company has a variable interest or interests in a VIE, ASC Topic 810 provides guidance for determining whether the bank holding company or other company must consolidate the VIE. If a bank holding company or other company has a controlling financial interest in a VIE, it is deemed to be the primary beneficiary of the VIE and, therefore, must consolidate the VIE. For further information, see the Glossary entry for "variable interest entity."

Schedule HC-V collects information on VIEs that have been consolidated by the reporting bank holding company because the bank holding company or a consolidated subsidiary is the primary beneficiary of the VIE. Schedule HC-V should be completed on a fully consolidated basis, i.e., after eliminating intercompany transactions. The asset and liability amounts to be reported in

Schedule HC-V should be the same amounts at which these assets and liabilities are reported on Schedule HC, Balance Sheet, e.g., held-to-maturity securities should be reported at amortized cost and available-for-sale securities should be reported at fair value.

### Column Instructions

**Column A, Securitization Vehicles:** Securitization vehicles include VIEs that have been created to pool and repackage mortgages, other assets, or other credit exposures into securities that can be transferred to investors.

**Column B, ABCP Conduits:** Asset-backed commercial paper (ABCP) conduits include VIEs that primarily issue externally rated commercial paper backed by assets or other exposures.

**Column C, Other VIEs:** Other VIEs include VIEs other than securitization vehicles and ABCP conduits.

For purposes of Schedule HC-V, information about each consolidated VIE should be included in only one of the three columns of the schedule. The column selected for a particular consolidated VIE should be based on the purpose and design of the VIE and this column should be used consistently over time.

### Line Item 1 Assets of consolidated variable interest entities (VIEs) that can be used only to settle obligations of the consolidated VIEs.

Report in the appropriate subitem and column those assets of consolidated VIEs reported in Schedule HC, Balance Sheet, that can be used only to settle obligations of the same consolidated VIEs and any related allowance for loan and lease losses. Exclude assets of consolidated VIEs that cannot be used only to settle obligations of the same consolidated VIEs (report such assets in Schedule HC-V, item 3, below).

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## Schedule HC-V

### **Line Item 1(a) Cash and balances due from depository institutions.**

Report in the appropriate column the amount of cash and balances due from depository institutions held by consolidated VIEs included in Schedule HC, item 1(a), "Noninterest-bearing balances and currency and coin," and item 1(b), "Interest-bearing balances," that can be used only to settle obligations of the same consolidated VIEs.

### **Line Item 1(b) Held-to-maturity securities.**

Report in the appropriate column the amount of held-to-maturity securities held by consolidated VIEs included in Schedule HC, item 2(a), "Held-to-maturity securities," that can be used only to settle obligations of the same consolidated VIEs.

### **Line Item 1(c) Available-for-sale securities.**

Report in the appropriate column the amount of available-for-sale securities held by consolidated VIEs included in Schedule HC, item 2(b), "Available-for-sale securities," that can be used only to settle obligations of the same consolidated VIEs.

### **Line Item 1(d) Securities purchased under agreements to resell.**

Report in the appropriate column the amount of securities purchased under agreements to resell held by consolidated VIEs included in Schedule HC, item 3(b), "Securities purchased under agreements to resell," that can be used only to settle obligations of the same consolidated VIEs.

### **Line Item 1(e) Loans and leases held for sale.**

Report in the appropriate column the amount of loans and leases held for sale by consolidated VIEs included in Schedule HC, item 4(a), "Loans and leases held for sale," that can be used only to settle obligations of the same consolidated VIEs.

### **Line Item 1(f) Loans and leases, net of unearned income.**

Report in the appropriate column the amount of loans and leases held for investment by consolidated VIEs included in Schedule HC, item 4(b), "Loans and leases, net of unearned income," that can be used only to settle obligations of the same consolidated VIEs.

### **Line Item 1(g) Less: Allowance for loan and lease losses.**

Report in the appropriate column the amount of the allowance for loan and lease losses held by consolidated VIEs included in Schedule HC, item 4(c), "LESS: Allowance for loan and lease losses," that is allocated to these consolidated VIEs' loans and leases held for investment that can be used only to settle obligations of the same consolidated VIEs and are reported in Schedule HC-V, item 1(f), above.

### **Line Item 1(h) Trading assets (other than derivatives).**

Report in the appropriate column the amount of trading assets (other than derivatives) held by consolidated VIEs included in Schedule HC, item 5, "Trading assets," that can be used only to settle obligations of the same consolidated VIEs.

### **Line Item 1(i) Derivative trading assets.**

Report in the appropriate column the amount of derivative trading assets held by consolidated VIEs included in Schedule HC, item 5, "Trading assets," that can be used only to settle obligations of the same consolidated VIEs.

### **Line Item 1(j) Other real estate owned.**

Report in the appropriate column the amount of other real estate owned held by consolidated VIEs included in Schedule HC, item 7, "Other real estate owned," that can be used only to settle obligations of the same consolidated VIEs.

### **Line Item 1(k) Other assets.**

Report in the appropriate column the amount of all other assets held by consolidated VIEs included in Schedule HC, item 12, "Total assets," and not reported in Schedule HC-V, items 1(a) through 1(j), above, that can be used only to settle obligations of the same consolidated VIEs.

### **Line Item 2 Liabilities of consolidated VIEs for which creditors do not have recourse to the general credit of the reporting bank holding company.**

Report in the appropriate subitem and column those liabilities of consolidated VIEs reported in Schedule HC, Balance Sheet, for which creditors do not have recourse to the general credit of the reporting bank holding company. Exclude liabilities of consolidated VIEs for

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## Schedule HC-V

which creditors have recourse to the general credit of the reporting bank holding company (report such liabilities in Schedule HC-V, item 4, below).

**Line Item 2(a) Securities sold under agreements to repurchase.**

Report in the appropriate column the amount of securities sold under agreements to repurchase by consolidated VIEs reported in Schedule HC, item 14(b), "Securities sold under agreements to repurchase," for which the holders of these repurchase agreements do not have recourse to the general credit of the reporting bank holding company.

**Line Item 2(b) Derivative trading liabilities.**

Report in the appropriate column the amount of derivative trading liabilities of consolidated VIEs reported in Schedule HC, item 15, "Trading liabilities," for which the derivative counterparties do not have recourse to the general credit of the reporting bank holding company.

**Line Item 2(c) Commercial paper.**

Report in the appropriate column the amount of commercial paper issued by consolidated VIEs reported in Schedule HC, item 16, "Other borrowed money," for which the holders of this commercial paper do not have recourse to the general credit of the reporting bank holding company.

**Line Item 2(d) Other borrowed money (exclude commercial paper).**

Report in the appropriate column the amount of other borrowed money (other than commercial paper) of con-

solidated VIEs reported in Schedule HC, item 16, "Other borrowed money," for which the creditors on these borrowings do not have recourse to the general credit of the reporting bank holding company.

**Line Item 2(e) Other liabilities.**

Report in the appropriate column the amount of all other liabilities of consolidated VIEs included in Schedule HC, item 21, "Total liabilities," and not reported in Schedule HC-V, items 2(a) through 2(d), above, for which the creditors on these liabilities do not have recourse to the general credit of the reporting bank holding company.

**Line Item 3 All other assets of consolidated VIEs.**

Report in the appropriate column the amount of assets of consolidated VIEs reported in Schedule HC, items 1 through 11, that have not been included in Schedule HC-V, items 1(a) through 1(k), above. Loans and leases held for investment that are included in this item should be reported net of any allowance for loan and lease losses allocated to these loans and leases.

**Line Item 4 All other liabilities of consolidated VIEs.**

Report in the appropriate column the amount of liabilities of consolidated VIEs reported in Schedule HC, items 14 through 20, that have not been included in Schedule HC-V, items 2(a) through 2(e), above.

# Notes to the Balance Sheet

## Predecessor Financial Items

### General Instructions

This one-time reporting schedule is event-driven. An event for reporting the average balance sheet items below is defined as a business combination that occurred during the quarter (that is, the BHC consummated a merger or acquisition within the quarter). Complete this schedule only if the combined assets of the acquired entity(ies) are at least equal to \$10 billion or 5 percent of the reporting bank holding company's total consolidated assets at the previous quarter-end, whichever is less.

Report in accordance with these instructions the selected quarterly average information for any acquired company(ies), the predecessor, as described above. For the items on this schedule, report the average of the balances as of the close of business for each day for the calendar quarter up to the date of acquisition or an average of the balances as of the close of business on each Wednesday during the calendar quarter up to date of acquisition. For days that the acquired company or any of its consolidated subsidiaries were closed (e.g., Saturdays, Sundays, or holidays), use the amount outstanding from the previous business day. An office is considered closed if there are no transactions posted to the general ledger as of that date.

Only a single schedule should be completed with aggregated information for all entities acquired during the quarter. The combined assets of these firms should at least equal \$10 billion or 5 percent of the respondent's total consolidated assets at the previous quarter-end, whichever is less.

The reporting BHC may report the items below, net of merger-related adjustments, if any.

In the unlikely event that only a portion of a firm was purchased and actual financial statements for the acquired operations are not readily available, the reporting BHC may provide estimates in lieu of inaccessible actual data.

If a single transaction business combination occurred where the acquiree was another BHC that filed the FR Y-9C in the preceding quarter, and the combination occurred on the first day of the quarter, that event is exempt from being reported on this schedule. This exemption also applies if all entities acquired on the first day of the quarter were FR Y-9C filers as of the prior quarter.

The line item instructions should be read in conjunction with the instructions for Schedule HC-K, "Quarterly Averages."

### Line Item 1 Average loans and leases (net of unearned income).

Report the quarterly average for all loans and leases, net of unearned income, in both domestic and foreign offices of the acquired company (as defined for Schedule HC-C, items 1 through 11).

### Line Item 2 Average earning assets.

Report the quarterly average for all earning assets.

Include as earning assets:

- (1) Securities;
- (2) Federal funds sold and securities purchased under agreements to resell;
- (3) Loans and leases;
- (4) Trading assets; and
- (5) Other earning assets.

### Line Item 3 Average total consolidated assets.

Report the quarterly average for the fully consolidated acquired company's total assets (as defined for Schedule HC, item 12, "Total assets"). When calculating the quarterly average total consolidated assets for purposes of this schedule, reflect all debt securities (not held for

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## Notes to the Balance Sheet—Predecessor Financial Items

trading) at amortized cost, available-for-sale equity securities with readily determinable fair values at the lower of cost or fair value, and equity securities without readily determinable fair values at historical cost. In addition, to the extent that net deferred tax assets included in the acquired company's total assets, if any, include the deferred tax effects of any unrealized holding gains and losses on available-for-sale debt securities, these deferred tax effects may be excluded from the determination of the quarterly average for total consolidated assets. If these deferred tax effects are excluded, this treatment must be followed consistently over time.

### **Line Item 4 Average equity capital (excludes limited-life preferred stock).**

Report the quarterly average for the fully consolidated equity capital (as defined for Schedule HC, item 28) of the acquired company. For purposes of this schedule, deduct net unrealized losses on marketable equity securities and exclude other net unrealized gains and losses on available-for-sale securities, and accumulated net gains (losses) on cash flow hedges when calculating average equity capital.

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LINE ITEM INSTRUCTIONS FOR

# Notes to the Balance Sheet Other

This section has been provided to allow bank holding companies that so wish to explain the content of specific items in the balance sheet. The reporting bank holding company should include any transactions reported on Schedules HC through HC-S that it wishes to explain or that have been separately disclosed in the bank holding company's quarterly reports to its shareholders, in its press releases, or on its quarterly reports to the Securities and Exchange Commission (SEC). Also include any transactions which previously would have appeared as footnotes to Schedules HC through HC-S.

Report in the space provided the schedule and line item for which the holding company is specifying additional information, a description of the transaction and, in the column provided, the dollar amount associated with the transaction being disclosed.

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# Glossary

The definitions in this Glossary apply to the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C) and are not necessarily applicable for other regulatory or legal purposes. The presentation of the assets, liabilities, and stockholders' equity, and the recognition of income and expenses in the FR Y-9C are to be in accordance with generally accepted accounting principles. The accounting discussions in this Glossary are those relevant to the preparation of these reports and are not intended to constitute a comprehensive presentation on bank accounting or on generally accepted accounting principles. For purposes of this Glossary, the FASB Accounting Standards Codification is referred to as "ASC."

**Acceptances:** See "Bankers' acceptances."

**Accounting Changes:** *Changes in accounting principles*—The accounting principles that bank holding companies have adopted for the preparation of their FR Y-9C should be changed only if (a) the change is required by a newly issued accounting pronouncement or (b) the bank holding company can justify the use of an allowable alternative accounting principle on the basis that it is preferable when there are two or more generally accepted accounting principles for a type of event or transaction. If a bank holding company changes from the use of one acceptable accounting principle to one that is more preferable at any time during the calendar year, it must report the income or expense item(s) affected by the change for the entire year on the basis of the newly adopted accounting principle regardless of the date when the change is actually made. However, 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 is to be reported as a correction of an error as discussed below.

New accounting pronouncements that are adopted by the Financial Accounting Standards Board (or such other

body officially designated to establish accounting principles) generally include transition guidance on how to initially apply the pronouncement. In general, the pronouncements require (or allow) a bank holding company to use one of the following approaches, collectively referred to as "retrospective application":

- apply a different accounting principle to one or more previously issued financial statements; or
- make a cumulative-effect adjustment to retained earnings, assets, and/or liabilities at the beginning of the period as if that principle had always been used.

Because each Report of Income covers a single discrete period, only the second approach under retrospective application is permitted in the FR Y-9C. Therefore, when an accounting pronouncement requires the application of either of the approaches under retrospective application, bank holding companies must report the effect on the amount of retained earnings at the beginning of the year in which the new pronouncement is first adopted for purposes of the FR Y-9C (net of applicable income taxes, if any) as a direct adjustment to equity capital in Schedule HI-A, item 2.

In the FR Y-9C in which a change in accounting principle is first reflected, the bank holding company is encouraged to include an explanation of the nature and reason for the change in accounting principle in the "Notes to the Income Statement—Other."

*Changes in accounting estimates*—Accounting and the preparation of financial statements involve the use of estimates. As more current information becomes known, estimates may be changed. In particular, accruals are derived from estimates based on judgments about the outcome of future events and changes in these estimates are an inherent part of accrual accounting.

Reasonable changes in accounting estimates do not require the restatement of amounts of income and

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## Glossary

expenses and assets, liabilities, and capital reported in previously submitted FR Y-9C reports. Computation of the cumulative effect of these changes is also not ordinarily necessary. Rather, the effect of such changes is handled on a prospective basis. That is, beginning in the period when an accounting estimate is revised, the related item of income or expense for that period is adjusted accordingly. For example, if the bank holding company's estimate of the remaining useful life of certain bank holding company equipment is increased, the remaining undepreciated cost of the equipment would be spread over its revised remaining useful life. Similarly, immaterial accrual adjustments to items of income and expenses, including provisions for loan and lease losses and income taxes, are considered changes in accounting estimates and would be taken into account by adjusting the affected income and expense accounts for the year in which the adjustments were found to be appropriate.

However, large and unusual changes in accounting estimates may be more properly treated as constituting accounting errors, and if so, must be reported accordingly as described below.

*Corrections of accounting errors* – A bank holding company may become aware of an error in its FR Y-9C after it has been submitted to the Federal Reserve through either its own or the Federal Reserve's discovery of the error. An error in the recognition, measurement, or presentation of an event or transaction included in a report for a prior period may result from:

- a mathematical mistake;
- a mistake in applying accounting principles; or
- the oversight or misuse of facts that existed when the FR Y-9C for prior periods were prepared.

According to SEC Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* (SAB 108), the effects of prior year errors or misstatements ("carryover effects") should be considered when quantifying misstatements identified in current year financial statements. SAB 108 describes two methods for accumulating and quantifying misstatements. These methods are referred to as the "rollover" and "iron curtain" approaches:

- The rollover approach "quantifies a misstatement based on the amount of the error originating in the

current year income statement" only and ignores the "carryover effects" of any related prior year misstatements. The primary weakness of the rollover approach is that it fails to consider the effects of correcting the portion of the current year balance sheet misstatement that originated in prior years.

- The iron curtain approach "quantifies a misstatement based on the effects of correcting the misstatement existing in the balance sheet at the end of the current year, irrespective of the misstatement's year(s) of origination." The primary weakness of the iron curtain approach is that it does not consider the correction of prior year misstatements in the current year financial statements to be errors because the prior year misstatements were considered immaterial in the year(s) of origination. Thus, there could be a material misstatement in the current year income statement because the correction of the accumulated immaterial amounts from prior years is not evaluated as an error.

Because of the weaknesses in these two approaches, SAB 108 states that the impact of correcting all misstatements on current year financial statements should be accomplished by quantifying an error under both the rollover and iron curtain approaches and by evaluating the error measured under each approach. When either approach results in a misstatement that is material, after considering all relevant quantitative and qualitative factors, an adjustment to the financial statements would be required. Guidance on the consideration of all relevant factors when assessing the materiality of misstatements is provided in SEC Staff Accounting Bulletin No. 99, *Materiality* (SAB 99) (codified as Topic 1.M. in the Codification of Staff Accounting Bulletins).

For purposes of the FR Y-9C, all bank holding companies should follow the sound accounting practices described in SAB 108 and SAB 99. Accordingly, bank holding companies should quantify the impact of correcting misstatements, including both the carryover and reversing effects of prior year misstatements, on their current year reports by applying both the "rollover" and "iron curtain" approaches and evaluating the impact of the error measured under each approach. When the misstatement that exists after recording the adjustment in the current year FR Y-9C is material (considering all relevant quantitative and qualitative factors), the appropriate prior year report(s) should be amended, even though such revision previously was and continues to be

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immaterial to the prior year report(s). If the misstatement that exists after recording the adjustment in the current year FR Y-9C is not material, then amending the immaterial errors in prior year reports would not be necessary.

When the Federal Reserve determines that the bank holding company's FR Y-9C contains a material accounting error, the bank holding company may be directed to file amended condition and/or income report data for each prior period that was significantly affected by the error. Normally, such re filings will not result in restatements of reports for periods exceeding five years. If amended reports are not required, the bank holding company should report the effect of such corrections on retained earnings at the beginning of the year, net of applicable income taxes, in Schedule HI-A, item 2, "Cumulative effect of changes in accounting principles and corrections of material accounting errors." The effect of such corrections on income and expenses since the beginning of the year in which the error is discovered should be reflected in each affected income and expense account on a year-to-date basis in the next quarterly FR Y-9C to be filed and not as a direct adjustment to retained earnings.

In addition, 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 is to be reported as a correction of an error. When such a change is implemented, the cumulative effect that applies to prior periods, calculated in the same manner as described above for other changes in accounting principles, should be reported in Schedule HI-A, item 2, "Cumulative effect of changes in accounting principles and corrections of material accounting errors." In most cases of this kind undertaken voluntarily by the reporting bank holding company in order to adopt more acceptable accounting practices, such a change will not result in a request for amended reports for prior periods unless substantial distortions in the bank holding company's previously reported results are in evidence.

In the FR Y-9C in which the correction of an error is first reflected, the bank holding company is encouraged to include an explanation of the nature and reason for the correction in the "Notes to the Income Statement—Other."

For further information on these three topics, see ASC Topic 250, Accounting Changes and Error Corrections

(formerly FASB Statement No. 154, *Accounting Changes and Error Corrections*).

**Accounting Errors, Corrections of:** See "Accounting changes."

**Accounting Estimates, Changes in:** See "Accounting changes."

**Accounting Principles, Changes in:** See "Accounting changes."

**Accrued Interest Receivable Related to Credit Card Securitizations:** In a typical credit card securitization, an institution transfers a pool of receivables and the right to receive the future collections of principal (credit card purchases and cash advances), finance charges, and fees on the receivables to a trust. If a securitization transaction qualifies 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*, as amended), the selling institution removes the receivables that were sold from its reported assets and continues to carry any retained interests in the transferred receivables on its balance sheet. The "accrued interest receivable" (AIR) asset typically consists of the seller's retained interest in the investor's portion of (1) the accrued fees and finance charges that have been billed to customer accounts, but have not yet been collected ("billed but uncollected"), and (2) the right to finance charges that have been accrued on cardholder accounts, but have not yet been billed ("accrued but unbilled").

While the selling institution retains a right to the excess cash flows generated from the fees and finance charges collected on the transferred receivables, the institution generally subordinates its right to these cash flows to the investors in the securitization. If and when cash payments on the accrued fees and finance charges are collected, they flow through the trust, where they are available to satisfy more senior obligations before any excess amount is remitted to the seller. Only after trust expenses (such as servicing fees, investor certificate interest, and investor principal charge-offs) have been paid will the trustee distribute any excess fee and finance charge cash flow back to the seller. Since investors are paid from these cash collections before the selling institution receives the amount of AIR that is due, the seller may or may not realize the full amount of its AIR asset.

*Accounting at Inception of the Securitization Transaction*

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Generally, if a securitization transaction meets the criteria for sale treatment and the AIR is subordinated either because the asset has been isolated from the transferor<sup>1</sup> or because of the operation of the cash flow distribution (or “waterfall”) through the securitization trust, the total AIR asset (both the “billed and uncollected” and “accrued and unbilled”) should be considered one of the components of the sale transaction. Thus, when accounting for a credit card securitization, an institution should allocate the previous carrying amount of the AIR (net of any related allowance for uncollectible amounts) and the other transferred assets between the assets that are sold and the retained interests, based on their relative fair values at the date of transfer. As a result, after a securitization, the allocated carrying amount of the AIR asset will typically be lower than its face amount.

### *Subsequent Accounting*

After securitization, the AIR asset should be accounted for at its allocated cost basis (as discussed above). In addition, an institution should treat the AIR asset as a retained (subordinated) beneficial interest. Accordingly, it should be reported as an “Other Asset” in Schedule HC-F, item 6, and in Schedule HC-S, item 2(b), column C (if reported as a stand-alone asset) and not as a loan receivable.

Although the AIR asset is a retained beneficial interest in transferred assets, it is not required to be subsequently measured like an investment in debt securities classified as available for sale or trading under ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statements No. 115 *Accounting for Certain Investments in Debt and Equity Securities*) and ASC Topic 860 because the AIR asset cannot be contractually prepaid or settled in such a way that the holder would not recover substantially all of its recorded investment. Rather, institutions should follow existing applicable accounting standards, including ASC Subtopic 450-20, Contingencies—Loss Contingencies (formerly FASB Statement No. 5, *Accounting for Contingencies*), in subsequent accounting for the AIR asset. ASC Subtopic 450-20 addresses the accounting for various loss contingencies, including the collectibility of receivables.

For further guidance, bank holding companies should refer to the Interagency Advisory on the Accounting

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1. See ASC Subtopic 860-10.

Treatment of Accrued Interest Receivable Related to Credit Card Securitizations dated December 4, 2002. See also the Glossary entry for “Transfers of Financial Assets.”

**Acquisition, Development, or Construction (ADC) Arrangements:** An ADC arrangement is an arrangement in which a bank holding company or its consolidated subsidiaries provide financing for real estate acquisition, development, or construction purposes and participates in the expected residual profit resulting from the ultimate sale or other use of the property. ADC arrangements should be reported as loans, real estate joint ventures, or direct investments in real estate in accordance with ASC Subtopic 310-10, Receivables – Overall (formerly AICPA Practice Bulletin 1, Appendix, Exhibit I, *ADC Arrangements*).

**Agreement Corporation:** See “Edge and Agreement corporation.”

**Allowance for Loan and Lease Losses:** Each bank holding company must maintain an allowance for loan and lease losses (allowance) at a level that is appropriate to cover estimated credit losses associated with its loan and lease portfolio, i.e., loans and leases that the bank holding company has intent and ability to hold for the foreseeable future or until maturity or payoff. Each bank holding company should also maintain, as a separate liability account, an allowance at a level that is appropriate to cover estimated credit losses associated with off-balance sheet credit instruments such as off-balance sheet loan commitments, standby letters of credit, and guarantees. This separate allowance should be reported in Schedule HC-G, item 3, “Allowance for credit losses on off-balance sheet credit exposures,” not as part of the “Allowance for loan and lease losses” in Schedule HC, item 4(c).

With respect to the loan and lease portfolio, the term “estimated credit losses” means an estimate of the current amount of loans and leases that it is probable the bank holding company will be unable to collect given facts and circumstances as of the evaluation date. Thus, estimated credit losses represent net charge-offs that are likely to be realized for a loan or pool of loans. These estimated credit losses should meet the criteria for accrual of a loss contingency (i.e., through a provision to the allowance) set forth in generally accepted accounting principles (GAAP).

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As of the end of each quarter, or more frequently if warranted, the management of each bank holding company must evaluate, subject to examiner review, the collectibility of the loan and lease portfolio, including any recorded accrued and unpaid interest (i.e., not already reversed or charged off), and make entries to maintain the balance of the allowance for loan and lease losses on the balance sheet at an appropriate level. Management must maintain reasonable records in support of their evaluations and entries. Furthermore, each bank holding company is responsible for ensuring that controls are in place to consistently determine the allowance for loan and lease losses in accordance with GAAP (including ASC Subtopic 450-20 Contingencies—Loss Contingencies (formerly FASB Statement No. 5, *Accounting for Contingencies*) and ASC Topic 310, Receivables (formerly FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan*), the bank holding company’s stated policies and procedures, management’s best judgment and relevant supervisory guidance.

Additions to, or reductions of, the allowance account resulting from such evaluations are to be made through charges or credits to the “provision for loan and lease losses” (provision) in the FR Y-9C. When available information confirms that specific loans and leases, or portions thereof, are uncollectible, these amounts should be promptly charged off against the allowance. All charge-offs of loans and leases shall be charged directly to the allowance. Under no circumstances can loan or lease losses be charged directly to “Retained earnings.” Recoveries on loans and leases represent collections on amounts that were previously charged off against the allowance. Recoveries shall be credited to the allowance, provided, however, that the total amount credited to the allowance as recoveries on an individual loan (which may include amounts representing principal, interest, and fees) is limited to the amount previously charged off against the allowance on that loan. Any amounts collected in excess of this limit should be recognized as income.

ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*) prohibits a bank holding company from “carrying over” or creating loan loss allowances in the initial accounting for “purchased impaired loans,” i.e., loans that a bank holding company has purchased where there

is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the bank holding company will be unable to collect all contractually required payments receivable. This prohibition applies to the purchase of an individual impaired loan, a pool or group of impaired loans, and impaired loans acquired in a purchase business combination. However, if, upon evaluation subsequent to acquisition, based on current information and events, it is probable that the bank holding company is unable to collect all cash flows expected at acquisition (plus additional cash flows expected to be collected arising from changes in estimate after acquisition) on a purchased impaired loan (not accounted for as a debt security), the loan should be considered impaired for purposes of establishing an allowance pursuant to ASC Subtopic 450-20 or ASC Topic 310, as appropriate.

When a bank holding company makes a full or partial direct write-down of a loan or lease that is uncollectible, the bank holding company establishes a new cost basis for the asset. Consequently, once a new cost basis has been established for a loan or lease through a direct write-down, this cost basis may not be “written up” at a later date. Reversing the previous write-down and “rebooking” the charged-off asset after the bank holding company concludes that the prospects for recovering the charge-off have improved, regardless of whether the bank holding company assigns a new account number to the asset or the borrower signs a new note, is not an acceptable accounting practice.

The allowance account must *never* have a debit balance. If losses charged off exceed the amount of the allowance, a provision sufficient to restore the allowance to an appropriate level *must* be charged to expense on the income statement *immediately*. A bank holding company shall *not* increase the allowance account by transferring an amount from undivided profits or any segregation thereof to the allowance for loan and lease losses.

To the extent that a bank holding company’s reserve for bad debts for tax purposes is greater than or less than its “allowance for loan and lease losses” on the balance sheet of the FR Y-9C, the difference is referred to as a temporary difference. See the Glossary entry for “income taxes” for guidance on how to report the tax effect of such a temporary difference.

Recourse liability accounts that arise from recourse obligations for any transfers of loans that are reported as

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sales for purposes of these reports should *not* be included in the allowance for loan and lease losses. These accounts are considered separate and distinct from the allowance account and from the allowance for credit losses on off-balance sheet credit exposures. Recourse liability accounts should be reported in Schedule HC-G, item 4, “Other” liabilities.

For comprehensive guidance on the maintenance of an appropriate allowance for loan and lease losses, bank holding companies should refer to the Interagency Policy Statement on the Allowance for Loan and Lease Losses dated December 13, 2006. For guidance on the design and implementation of allowance methodologies and supporting documentation practices, bank holding companies should refer to the interagency Policy Statement on Allowance for Loan and Lease Losses Methodologies and Documentation for Banks and Savings Associations, which was published on July 6, 2001. Information on the application of ASC Topic 310, Receivables, to the determination of an allowance for loan and losses on those loans covered by that accounting standard is provided in the Glossary entry for “loan impairment.”

For information on reporting on foreclosed and repossessed assets, see the Glossary entry for “foreclosed assets.”

**Applicable Income Taxes:** See “Income taxes.”

**Associated Company:** See “Subsidiaries.”

**ATS Account:** See “Deposits.”

**Bankers’ Acceptances:** A banker’s acceptance, for purposes of these reports, is a draft or bill of exchange that has been drawn on and accepted by a banking institution (the “accepting bank”) or its agent for payment by that institution at a future date that is specified in the instrument. Funds are advanced to the drawer of the acceptance by the discounting of the accepted draft either by the accepting bank or by others; the accepted draft is negotiable and may be sold and resold subsequent to its original discounting. At the maturity date specified, the holder or owner of the acceptance at that date, who has advanced funds either by initial discount or subsequent purchase, presents the accepted draft to the accepting bank for payment.

The accepting bank has an unconditional obligation to put the holder in funds (to pay the holder the face amount of the draft) on presentation on the specified date. The account party (customer) has an unconditional obligation

to put the accepting bank in funds at or before the maturity date specified in the instrument.

The following description covers the treatment in the FR Y-9C of (1) acceptances that have been executed by a bank subsidiary of the reporting holding company, that is, those drafts that have been drawn on and accepted by a subsidiary bank; (2) “participations” in acceptances, that is, “participations” in the accepting bank’s obligation to put the holder of the acceptance in funds at maturity, or participations in the accepting bank’s risk of loss in the event of default by the account party; and (3) acceptances owned by the reporting bank holding company or its subsidiaries, that is, those acceptances—whether executed by the reporting holding company’s subsidiary banks or by others—that a bank subsidiary has discounted or that any subsidiary of the holding company has purchased.

- (1) *Acceptances executed by a subsidiary bank of the reporting holding company.* With the exceptions described below, the reporting bank holding company must report on its balance sheet the full amount of the acceptance in both (a) the liability item, “Other liabilities” (Schedule HC, item 20), reflecting the subsidiary bank’s obligation to put the holder of the acceptance in funds at maturity, and (b) the asset item, “Other assets” (Schedule HC, item 11), reflecting the account party’s liability to put the accepting bank subsidiary in funds at or before maturity. The acceptance liability and acceptance asset must also be reported in both Schedule HC-G, item 4, “Other liabilities,” and Schedule HC-F, item 6, “Other assets,” respectively.

Exceptions to the mandatory reporting by the reporting bank holding company of the full amount of all outstanding drafts accepted by the bank subsidiary(ies) of the reporting holding company in both “Other liabilities” (Schedule HC, item 20) and “Other assets” (Schedule HC, item 11) on the Consolidated Balance sheet of the FR Y-9C occur in the following situations:

- (a) One exception occurs in situations where the accepting bank acquires—through initial discounting or subsequent purchase—and holds its own acceptance (i.e., a draft that it has itself accepted). In this case, the bank subsidiary’s own acceptances that are held by it will not be reported in the “Other liabilities” and “Other assets”

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items noted above. The bank subsidiary's holdings of its own acceptances will be reported either in "Loans and leases, net of unearned income" (Schedule HC, item 4(b)) or, if held in a trading account, in "Trading assets" (Schedule HC, item 5).

- (b) A second exception occurs where the parent bank holding company or a subsidiary of the bank holding company (other than the accepting bank subsidiary) purchases an acceptance executed by one of the reporting bank holding company's subsidiary banks. In this case, the process of consolidation eliminates the consolidated bank holding company's liability on acceptances and outstanding and the customers' liability to the accepting bank on acceptances outstanding will be reported either in Schedule HC, item 4(b) or item 5.
- (c) A third exception occurs in situations where the account party anticipates its liability to a bank subsidiary of the reporting bank holding company on an acceptance outstanding by making a payment to the bank that reduces the customer's liability in advance of the maturity of the acceptance. In this case, the bank holding company will decrease the asset item "Other assets" (Schedule HC, item 11) by the amount of such prepayment; the prepayment will not affect the liability item "Other liabilities" (Schedule HC, item 20) which would continue to reflect the full amount of the acceptance until the bank subsidiary has repaid the holder of the acceptance at the maturity date specified in the instrument. If the account party's payment to the accepting bank before the maturity date is not for the purpose of immediate reduction of its indebtedness to the reporting bank or if receipt of the payment does not immediately reduce or extinguish that indebtedness, such advance payment will not reduce item 11 of Schedule HC but should be reflected in the bank's deposit liabilities.
- (d) A fourth exception occurs when the bank holding company has a subsidiary of the bank holding company (other than the accepting bank) that is the account party (customer) in the acceptance transaction. In this case, the process of consolidation eliminates the asset item but will leave the

liability item (item 20) unaffected except where the holding company or one of its consolidated subsidiaries purchases the acceptance executed.

In all situations other than these four exceptions just described, the reporting bank holding company's financial statement must reflect the full amount of its acceptances in "Other liabilities" (Schedule HC, item 20) and in "Other assets" (Schedule HC, item 11).

- (2) "*Participations*" in acceptances. The general requirement for the accepting bank to report on its balance sheet the full amount of the total obligation to put the holder of the acceptance in funds applies also, in particular, to any situation in which the accepting bank enters into any kind of arrangement with others for the purpose of having the latter share, or participate, in the obligation to put the holder of the acceptance in funds at maturity or in the risk of loss in the event of default on the part of the account party.<sup>2</sup> In any such sharing arrangement or participation agreement—regardless of its form or its contract provisions, regardless of the terminology (e.g., "funded," "risk," "unconditional," or "contingent") used to describe it and the relationships under it, regardless of whether it is described as a participation in the customer's liability or in the accepting bank's obligation or in the risk of default by the account party, and regardless of the system of debits and credits used by the accepting bank to reflect the participation arrangement—the existence of the participation or other agreement should not reduce the accepting bank's obligation to honor the full amount of the acceptance at maturity.

The existence of such participations should not to be recorded on the balance sheet of the accepting bank subsidiary nor on the consolidated balance sheet (Schedule HC) of the bank holding company (except for immaterial amounts) that conveys shares in its obligation to put the holder of the acceptance in funds or shares in its risk of loss in the event of default on the part of the account party, and similarly is not to be recorded on the balance sheets (Schedule HC) of the other bank holding companies or their

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2. The discussion does not deal with participations in holdings of bankers acceptances, which are reportable under loans. Such participations are treated like any participations in loans.

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subsidiaries that are party to, or acquire, such participations. However, in such cases of agreements to participate, the nonaccepting institution acquiring the participation will report an amount in the item “Risk participations in bankers acceptances acquired by the reporting institution” (item 47 of Schedule HC-R). This same reporting treatment applies to a bank holding company that acquires a participation in an acceptance of another (accepting) institution and subsequently conveys the participation to others and to an institution that acquires such a participation. Moreover, the bank holding company that both acquires and conveys a participation in another institution’s acceptance must report the amount of the participations in the acceptance participation item in Schedule HC-R.

- (3) *Acceptances owned by the reporting bank holding company.* The treatment of acceptances owned or held by the reporting bank holding company (whether acquired by initial discount or subsequent purchase) depends upon whether the acceptances are held in trading account or in portfolio and upon whether the acceptances held have been accepted by a bank subsidiary of the reporting bank holding company or by a bank that is not a subsidiary of the reporting bank holding company. All acceptances held by the reporting bank holding company in trading accounts (whether acceptances of a bank of the reporting bank holding company or of banks outside the holding company) are to be reported in Schedule HC, item 5, “Trading assets.” Bank holding companies that must complete Schedule HC-D, Trading Assets and Liabilities, will identify their holdings in item 9, “Other trading assets.” The reporting bank holding company’s holdings of acceptances other than those in its trading account (whether acceptances of a bank subsidiary of the reporting bank holding company or of banks outside the holding company) are to be reported in Schedule HC, item 4(b), “Loans and leases, net of unearned income,” and in Schedule HC-C which calls for detail on “Loans and lease financing receivables.”

In Schedule HC-C, the reporting bank holding company’s holdings of acceptances of banks outside the reporting bank holding company, other than those held in trading accounts, are to be reported in “Loans to depository institutions and acceptances of other banks” (item 2). On the other hand, the bank holding company’s

holdings of acceptances of its bank subsidiaries, other than those held in trading accounts, are to be reported in Schedule HC-C according to the account party of the draft. Thus, holdings of acceptances of bank subsidiaries for which the account parties are commercial or industrial enterprises are to be reported in Schedule HC-C in “Commercial and industrial loans” (item 4); holdings of acceptances of subsidiary banks for which the account parties are banks outside the bank holding company (e.g., in connection with the refinancing of another acceptance or for the financing of dollar exchange) are to be reported in Schedule HC-C in “Loans to depository institutions and acceptances of other banks” (item 2); and holdings of acceptances of subsidiary banks for which the account parties are foreign governments or official institutions (e.g., for the financing of dollar exchange) are to be reported in Schedule HC-C, “Loans to foreign governments and official institutions” (item 7).

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

If the account party prepaies its acceptance liability on an acceptance of a bank subsidiary of the reporting bank holding company that is held by the bank subsidiary (either in loans or trading account) so as to immediately reduce its indebtedness to the bank subsidiary, the recording of the holding—in “Commercial and industrial loans,” “Loans to depository institutions,” or “Assets held in trading accounts,” as appropriate—is reduced by the prepayment.

**Bank-Owned Life Insurance:** ASC Subtopic 325-30, Investments-Other – Investments in Insurance Contracts (formerly FASB Technical Bulletin No. 85-4, *Accounting for Purchases of Life Insurance*, and Emerging Issues Task Force (EITF) Issue No. 06-5, *Accounting for Purchases of Life Insurance-Determining the Amount That Could Be Realized in Accordance with FASB Technical Bulletin No. 85-4*), addresses the accounting for bank-owned life insurance. According to ASC Subtopic 325-30, only the amount that could be realized under the insurance contract as of the balance sheet date should be

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reported as an asset. In general, this amount is the cash surrender value reported to the institution by the insurance carrier less any applicable surrender charges not reflected by the insurance carrier in the reported cash surrender value, i.e., the net cash surrender value. An institution should also consider any additional amounts included in the contractual terms of the policy in determining the amount that could be realized under the insurance contract in accordance with ASC Subtopic 325-30.

Because there is no right of offset, an investment in bank-owned life insurance should be reported as an asset separately from any related deferred compensation liability.

Institutions that have entered into split-dollar life insurance arrangements should follow the guidance on the accounting for the deferred compensation and postretirement benefit aspects of such arrangements in ASC Subtopic 715-60, Compensation-Retirement Benefits – Defined Benefit Plans-Other Postretirement (formerly EITF Issue No. 06-4, *Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements*, and EITF Issue No. 06-10, *Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements*). In general, in an endorsement split-dollar arrangement, an institution owns and controls the insurance policy on the employee, whereas in a collateral assignment split-dollar arrangement, the employee owns and controls the insurance policy. According to ASC Subtopic 715-60, an institution should recognize a liability for the postretirement benefit related to a split-dollar life insurance arrangement if, based on the substantive agreement with the employee, the institution has agreed to maintain a life insurance policy during the employee's retirement or provide the employee with a death benefit. This liability should be measured in accordance with either ASC Topic 715, Compensation-Retirement Benefits (formerly FASB Statement No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*) (if, in substance, a postretirement benefit plan exists) or ASC Subtopic 710-10, Compensation-General – Overall (formerly Accounting Principles Board Opinion No. 12 *Omnibus Opinion – 1967*, as amended by FASB Statement No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*) (if the arrangement is, in substance, an individual deferred compensation contract),

and reported on the balance sheet in Schedule HC, item 20, "Other liabilities," and in Schedule HC-G, item 4, "Other." In addition, for a collateral assignment split-dollar arrangement, ASC Subtopic 715-60 states that an employer such as an institution should recognize and measure an insurance asset based on the nature and substance of the arrangement.

The amount that could be realized under bank-owned life insurance policies as of the report date should be reported on the balance sheet in Schedule HC, item 11, "Other assets," and in Schedule HC-F, item 5, "Life insurance assets." The net earnings (losses) on or the net increases (decreases) in the institution's life insurance assets should be reported in the income statement in Schedule HI, item 5(l), "Other noninterest income." Alternatively, the gross earnings (losses) on or increases (decreases) in these life insurance assets may be reported in Schedule HI, item 5(l), and the life insurance policy expenses may be reported in Schedule HI, item 7(d), "Other noninterest expense." If the absolute value of the earnings (losses) on or the increases (decreases) in the institution's life insurance assets are reported in Schedule HI, item 5(l), "Other noninterest income," are greater than \$25,000 and exceed 3 percent of "Other noninterest income," this amount should be reported in Schedule HI, Memorandum item 6(b).

**Banks, U.S. and Foreign:** In the classification of banks as customers of the reporting bank holding company, distinctions are drawn for purposes of the FR Y-9C between "U.S. banks" and "commercial banks in the U.S." and between "foreign banks" and "banks in foreign countries." Some report items call for one set of these categories and other items call for the other set. The distinctions center around the inclusion or exclusion of foreign branches of U.S. banks and U.S. branches and agencies of foreign banks. For purposes of describing the office location of banks as customers of the reporting bank, the term "United States" covers the 50 states of the United States, the District of Columbia, Puerto Rico, and U.S. territories and possessions. (This is in contrast to the usage with respect to the offices of the reporting bank, where U.S.-domiciled Edge and Agreement subsidiaries and IBFs are included in "foreign" offices. Furthermore, for bank holding companies chartered and headquartered in the 50 states of the United States and the District of Columbia, offices of the reporting bank holding company in Puerto Rico and U.S. territories and possessions are also included in "foreign" offices, but, for bank holding

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companies chartered and headquartered in Puerto Rico and U.S. territories and possessions, offices of the reporting bank holding company in Puerto Rico and U.S. territories and possessions are included in “domestic” offices.)

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

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

The following table summarizes these contrasting categories of banks considered as customers as used in the Reports of Condition and Income. (“X” indicates inclusion; no entry indicates exclusion.)

*Commercial banks in the U.S.*—The detailed institutional composition of “commercial banks in the U.S.” includes:

- (1) the U.S.-domiciled head offices and branches of:
  - (a) national banks;
  - (b) state-chartered commercial banks;
  - (c) trust companies that perform a commercial banking business;
  - (d) industrial banks;
  - (e) International Banking Facilities (IBFs) of U.S. banks;
  - (f) Edge and Agreement corporations; and
  - (g) private or unincorporated banks;

- (2) the U.S.-domiciled branches and agencies of foreign banks (as defined below).

|  | U.S. banks | Commercial banks in the U.S. | Foreign banks | Banks in foreign countries |
|--|------------|------------------------------|---------------|----------------------------|
| U.S. branches of U.S. banks (including IBFs) ..... | X          | X                            |               |                            |
| Foreign branches of U.S. banks ...                 | X          |                              |               | X                          |
| Foreign branches of foreign banks .....            |            |                              | X             | X                          |
| U.S. branches and agencies of foreign banks .....  |            | X                            | X             |                            |

This coverage includes the U.S. institutions listed above that are owned by foreigners. Excluded from commercial banks in the U.S. are branches located in foreign countries of U.S. banks.

*U.S. branches and agencies of foreign banks*—U.S. branches of foreign banks include any offices or places of business of foreign banks that are located in the United States at which deposits are accepted. U.S. agencies of foreign banks generally include any offices or places of business of foreign banks that are located in the United States at which credit balances are maintained incidental to or arising out of the exercise of banking powers but at which deposits may not be accepted from citizens or residents of the United States. For purposes of the FR Y-9C, the term “U.S. branches and agencies of foreign banks” covers:

- (1) the U.S. branches and agencies of foreign banks;
- (2) the U.S. branches and agencies of foreign official banking institutions, including central banks, nationalized banks, and other banking institutions owned by foreign governments; and
- (3) investment companies that are chartered under Article XII of the New York State banking law and that are majority-owned by one or more foreign banks.

*Banks in foreign countries*—The institutional composition of “banks in foreign countries” includes:

- (1) the foreign-domiciled head offices and branches of:

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- (a) foreign commercial banks (including foreign-domiciled banking subsidiaries of U.S. banks and of Edge and Agreement corporations);
  - (b) foreign savings banks or discount houses;
  - (c) nationalized banks not functioning either as central banks, as foreign development banks, or as banks of issue;
  - (d) other similar foreign institutions that accept short-term deposits; and
- (2) the foreign-domiciled branches of U.S. banks.

See also “International Banking Facility (IBF).” Banks in Foreign Countries: See “Banks, U.S. and foreign.”

**Bill-of-Lading Draft:** See “Commodity or bill-of-lading draft.”

**Borrowings and Deposits in Foreign Offices:** Borrowings in foreign offices include assets rediscounted with central banks, certain participations sold in loans and securities, government funding of loans, borrowings from the Export-Import Bank, and rediscounted trade acceptances. Federal funds sold and repurchase agreements in foreign offices should be reported in accordance with the Glossary entries for “federal funds transactions” and “repurchase/resale agreements.” Liability accounts such as accruals and allocated capital shall not be reported as borrowings. Deposits consist of such other short-term and long-term liabilities issued or undertaken as a means of obtaining funds to be used in the banking business and include those liabilities generally characterized as placements and takings, call money, and deposit substitutes. Key factors in determining if a liability is a deposit or borrowing are the provisions of the underlying contract. If no such contract exists the confirmation may be used to determine the nature of the liability.

**Brokered Deposits:** Brokered deposits represent deposits which the banking subsidiaries of the reporting bank holding company receives from brokers or dealers for the account of others either directly or ultimately. Brokered deposits include both those in which the entire beneficial interest in a given deposit instrument issued by the bank subsidiary is held by a single depositor and those in which the broker sells participations in a given bank instrument to one or more investors.

**Brokered Retail Deposits:** are brokered deposits that are issued in denominations of \$100,000 or less or that are

issued in denominations greater than \$100,000 and participated out by the broker in shares of \$100,000 or less.

In some cases, brokered retail deposits are issued in \$1,000 amounts under a master certificate of deposit issued by a bank subsidiary to a deposit broker in an amount that exceeds \$100,000. For these retail brokered deposits, multiple purchases by individual depositors from an individual bank subsidiary normally do not exceed the applicable deposit insurance limit (either \$100,000 or \$250,000), but under current deposit insurance rules the deposit broker is not required to provide information routinely on these purchasers and their account ownership capacity to the bank subsidiary issuing the deposits. If this information is not readily available to the issuing bank subsidiary, these brokered certificates of deposit in \$1,000 amounts may be rebuttably presumed to be fully insured brokered deposits and should be reported in Schedule HC-E, Memorandum item 1 or 2. In addition, some brokered deposits are transaction accounts or money market deposit accounts (MMDAs) that are denominated in amounts of \$0.01 and established and maintained by the deposit broker (or its agent) as agent, custodian, or other fiduciary for the broker’s customers. An individual depositor’s deposits within the brokered transaction account or MMDA normally do not exceed the applicable deposit insurance limit. As with retail brokered deposits, if information on these depositors and their account ownership capacity is not readily available to the bank subsidiary establishing the transaction account or MMDA, the amounts in the transaction account or MMDA may be rebuttably presumed to be fully insured brokered deposits and should be reported in Schedule HC-E, Memorandum item 1 or 2.

For purposes of this report, the term *deposit broker* includes:

- (1) any person engaged in the business of placing deposits, or facilitating the placement of deposits, of third parties with insured depository institutions or the business of placing deposits with insured depository institutions for the purpose of selling interests in those deposits to third parties, and
- (2) an agent or trustee who establishes a deposit account to facilitate a business arrangement with an insured depository institution to use the proceeds of the account to fund a prearranged loan.

The term *deposit broker* does not include:

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- (1) an insured depository institution, with respect to funds placed with that depository institution;
- (2) an employee of an insured depository institution, with respect to funds placed with the employing depository institution;
- (3) a trust department of an insured depository institution, if the trust in question has not been established for the primary purpose of placing funds with insured depository institutions;
- (4) the trustee of a pension or other employee benefit plan, with respect to funds of the plan;
- (5) a person acting as a plan administrator or an investment adviser in connection with a pension plan or other employee benefit plan provided that that person is performing managerial functions with respect to the plan;
- (6) the trustee of a testamentary account;
- (7) the trustee of an irrevocable trust (other than a trustee who establishes a deposit account to facilitate a business arrangement with an insured depository institution to use the proceeds of the account to fund a prearranged loan), as long as the trust in question has not been established for the primary purpose of placing funds with insured depository institutions;
- (8) a trustee or custodian of a pension or profit sharing plan qualified under Section 401(d) or 430(a) of the Internal Revenue Code of 1986; or
- (9) an agent or nominee whose primary purpose is not the placement of funds with depository institutions. (For purposes of applying this ninth exclusion from the definition of deposit broker, “primary purposes” does not mean “primary activity,” but should be construed as “primary intent.”)

Notwithstanding these nine exclusions, the term *deposit broker* includes any insured depository institution, and any employee of any insured depository institution, which engages, directly or indirectly, in the solicitation of deposits by offering rates of interest (with respect to such deposits) which are significantly higher than the prevailing rates of interest on deposits offered by other insured depository institutions having the same type of charter in such depository institution’s normal market area.

In addition, deposit instruments of the reporting bank holding company that are sold to brokers, dealers, or

underwriters (including both bank affiliates and nonbank subsidiaries of the reporting bank holding company) who then reoffer and/or resell these deposit instruments to one or more investors, regardless of the minimum denomination which the investor must purchase, are considered brokered deposits.

In some cases, brokered deposits are issued in the name of the depositor whose funds have been placed in a bank holding company or its subsidiary by a deposit broker. In other cases, a bank holding company’s deposit account records may indicate that the funds have been deposited in the name of a third-party custodian for the benefit of others (e.g., “XYZ Corporation as custodian for the benefit of others,” or “Custodial account of XYZ Corporation”). Unless the custodian meets one of the specific exemptions from the “deposit broker” definition in Section 29 of the Federal Deposit Insurance Act and this Glossary entry, these custodial accounts should be reported as brokered deposits in Schedule HC-E, Deposit Liabilities.

A deposit listing service whose only function is to provide information on the availability and terms of accounts is not facilitating the placement of deposits and therefore is not a deposit broker per se. However, if a deposit broker uses a deposit listing service to identify an institution offering a high rate on deposits and then places its customers’ funds at that institution, the deposits would be brokered deposits and the institution should report them as such in Schedule HC-E. The designation of these deposits as brokered deposits is based not on the broker’s use of the listing service but on the placement of the deposits in the institution by the deposit broker.

**Broker’s Security Draft:** A broker’s security draft is a draft with securities or title to securities attached that is drawn to obtain payment for the securities. This draft is sent to a bank for collection with instructions to release the securities only on payment of the draft.

**Business Combinations:** The accounting and reporting standards for business combinations are set forth in ASC Topic 805, Business Combinations (formerly FASB Statement No. 141 (revised 2007), *Business Combinations*). ASC Topic 805 requires that all business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, must be accounted for using the acquisition method. The use of the pooling-of-interests method to account for business combinations is

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prohibited. ASC Topic 805 applies to all business entities, including mutual entities that previously used the pooling-of-interests method of accounting for some business combinations. It does not apply to the formation of a joint venture, the acquisition of assets that do not constitute a business, or a combination between entities under common control. Except for some business combinations between two or more mutual institutions, business combinations for which the acquisition date was before the beginning of the first annual reporting period beginning on or after December 15, 2008, were accounted for using the purchase method as specified in former FASB Statement No. 141, *Business Combination*, which has been superseded by ASC Topic 805.

*Acquisition method* – Under the acquisition method, the acquirer in a business combination shall measure the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at their acquisition-date fair values (with limited exceptions specified in ASC Topic 805) using the definition of fair value in ASC Topic 820, *Fair Value Measurements and Disclosures* (formerly FASB Statement No. 157, *Fair Value Measurements*). The acquisition date is generally the date on which the acquirer legally transfers the consideration, acquires the assets, and assumes the liabilities of the acquiree, i.e., the closing date. ASC Topic 805 requires the acquirer to measure acquired receivables, including loans, at their acquisition-date fair values and the acquirer may not recognize a separate valuation allowance (e.g., allowance for loan and lease losses) for the contractual cash flows that are deemed to be uncollectible at that date. The consideration transferred in a business combination shall be calculated as the sum of the acquisition-date fair values of the assets (including any cash) transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree, and the equity interests issued by the acquirer. Acquisition-related costs are costs the acquirer incurs to effect a business combination such as finder’s fees; advisory, legal, accounting, valuation, and other professional or consulting fees; and general administrative costs. The acquirer shall account for acquisition-related costs as expenses in the periods in which the costs are incurred and the services received. The cost to register and issue debt or equity securities shall be recognized in accordance with other applicable generally accepted accounting principles.

ASC Topic 805 provides guidance for recognizing par-

ticular assets acquired and liabilities assumed. Acquired assets may be tangible (such as securities or fixed assets) or intangible (as discussed in the following paragraph). An acquiring entity must not recognize the goodwill, if any, or the deferred income taxes recorded by an acquired entity before its acquisition. However, a deferred tax liability or asset must be recognized for differences between the assigned values and the tax bases of the recognized assets acquired and liabilities assumed in a business combination in accordance with ASC Topic 740, *Income Taxes* (formerly FASB Statement No. 109, *Accounting for Income Taxes*, and FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*). (For further information, see the Glossary entry for “income taxes.”)

Under ASC Topic 805, an intangible asset must be recognized as an asset separately from goodwill if it arises from contractual or other legal rights (regardless of transferability or separability). Otherwise, an intangible asset must be recognized as an asset separately from goodwill only if it is separable, that is, it is capable of being separated or divided from the entity and sold, transferred, licensed, rented, or exchanged either individually or together with a related contract, identifiable asset, or liability. Examples of intangible assets that must be recognized as an asset separately from goodwill are core deposit intangibles, purchased credit card relationships, servicing assets, favorable leasehold rights, trademarks, trade names, internet domain names, and noncompetition agreements. These intangible assets must be reported in Schedule HC, item 10(b), “Other intangible assets,” and in Schedule HC-M, item 12.

In general, the excess of the sum of the consideration transferred in a business combination plus the fair value of any noncontrolling interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with ASC Topic 805 must be recognized as goodwill, which is reported in Schedule HC, item 10(a). An acquired intangible asset that does not meet the criteria described in the preceding paragraph must be included in the amount recognized as goodwill. After initial recognition, goodwill must be accounted for in accordance with ASC Topic 350, *Intangibles-Goodwill and Other* (formerly FASB Statement No. 142, *Goodwill and Other Intangible Asset*.) and the instructions for Schedule HI, item 7.c.(1), “Goodwill impairment losses.”

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In contrast, if the total acquisition-date amount of the identifiable net assets acquired exceeds the consideration transferred plus the fair value of any noncontrolling interest in the acquiree (i.e., a bargain purchase), the acquirer shall reassess whether it has correctly identified all of the assets acquired and all the liabilities assumed and shall recognize any additional assets or liabilities that are identified in that review. If that excess remains after the review, the acquirer shall recognize that excess in earnings as a gain attributable to the acquirer on the acquisition date and report the amount in Schedule HI, item 5(l), “Other noninterest income.”

Under the acquisition method, the historical equity capital balances of the acquired business are not to be carried forward to the balance sheet of the combined bank holding company. The operating results of the acquired business are to be included in the income and expenses of the reporting bank holding company only from the acquisition date.

*Pooling-of-interests method* – Under the pooling-of-interests method, the assets, liabilities, and capital of the bank holding company and the business being acquired are added together on a line-by-line basis without any adjustments for fair value. The historical cost-based amount (cost adjusted for amortization of premiums and discounts or depreciation) of each asset, liability, and capital account of the acquiring bank holding company is added to the corresponding account of the business being acquired to arrive at the balance sheet for the combined bank holding company. However, the capital stock outstanding of the combined bank holding company must be equal to the number of shares issued and outstanding (including the shares issued in connection with the acquisition) multiplied by par or stated value.

If the sum of the capital stock accounts of the entities being combined does not equal this amount (and it rarely, if ever, will), adjustment is required. If the sum of the capital stock accounts is less than the number of shares outstanding of the combined bank holding company multiplied by par or stated value, “Surplus,” Schedule HC, item 25, must be debited for the amount of the difference and “Common stock,” Schedule HC, item 24, is credited. If the surplus account is insufficient to absorb such an adjustment, the remainder must be debited to “Retained earnings,” Schedule HC, item 26(a). If the sum of the capital stock accounts is more than the amount

of the outstanding stock of the combined bank, “Surplus” must be credited and “Common stock” debited.

Any adjustments necessary to conform the accounting methods of the acquired entity to those of the reporting bank holding company must be made, net of related tax effects, to “Retained earnings.”

For the year in which a pooling of interests occurs, income and expenses must be reported in Schedule HI, Income Statement, as though the companies had combined at the beginning of the year. The portion of the adjustment necessary to conform the accounting methods applicable to the current period must also be allocated to income and expenses for the period.

*Reorganization* – A combination of two or more entities or businesses involving related parties, i.e., entities under common control, is considered a reorganization and not a business combination. For example, two subsidiary banks of a bank holding company may combine into one bank, which is a change in legal organization but not a change in the entity. The assets and liabilities transferred in the combination are accounted for at historical cost in a manner similar to that described above under “pooling-of-interests method.” For the year in which a reorganization occurs, income and expenses must be reported in Schedule HI, Income Statement, as though the entities had combined at the beginning of the year.

A bank holding company’s investment in a bank or other business that was acquired in a business combination accounted for under the acquisition method may differ from the book value of the net assets in that bank’s or business’s financial statements because push down accounting was not applied. This situation will generally exist with respect to acquisitions that occurred prior to September 30, 1989.

For further information on the accounting for business combinations, see ASC Topic 805.

**Call Option:** See “Futures, forward, and standby contracts.”

**Capital Contributions of Cash and Notes Receivable:** An institution may receive cash or a note receivable as a contribution to its equity capital. The transaction may be a sale of capital stock or a contribution to paid-in capital (surplus), both of which are referred to hereafter as capital contributions. The accounting for capital contributions in the form of notes receivable is set forth in ASC Subtopic 505-10, Equity - Overall (formerly EITF Issue

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No. 85-1, “Classifying Notes Received for Capital Stock”) and SEC Staff Accounting Bulletin No. 107 (Topic 4.E., Receivables from Sale of Stock, in the Codification of Staff Accounting Bulletins). This Glossary entry does not address other forms of capital contributions, for example, nonmonetary contributions to equity capital such as a building.

A capital contribution of cash should be recorded in an institution’s financial statements when received. Therefore, a capital contribution of cash prior to a quarter-end report date should be reported as an increase in equity capital in the institution’s reports for that quarter (in Schedule HI-A, item 5 or 11, as appropriate). A contribution of cash after quarter-end should not be reflected as an increase in the equity capital of an earlier reporting period.

When an institution receives a note receivable rather than cash as a capital contribution, ASC Subtopic 505-10 states that it is generally not appropriate to report the note as an asset. As a consequence, the predominant practice is to offset the note and the capital contribution in the equity capital section of the balance sheet, i.e., the note receivable is reported as a reduction of equity capital. In this situation, the capital stock issued or the contribution to paid-in capital should be reported in Schedule HC, item 23, 24, or 25, as appropriate, and the note receivable should be reported as a deduction from equity capital in Schedule HC, item 26.c, “Other equity capital components.” No net increase in equity capital should be reported in Schedule HI-A, Changes in Bank Holding Company Equity Capital. In addition, when a note receivable is offset in the equity capital section of the balance sheet, accrued interest receivable on the note also should be offset in equity (and reported as a deduction from equity capital in Schedule HC, item 26.c), consistent with the guidance in ASC Subtopic 505-10. Because a nonreciprocal transfer from an owner or another party to an institution does not typically result in the recognition of income or expense, the accrual of interest on a note receivable that has been reported as a deduction from equity capital should be reported as additional paid-in capital rather than interest income.

However, ASC Subtopic 505-10 provides that an institution may record a note received as a capital contribution as an asset, rather than a reduction of equity capital, only if the note is collected in cash “before the financial statements are issued.” The note receivable must also

satisfy the existence criteria described below. When these conditions are met, the note receivable should be reported separately from an institution’s other loans and receivables in Schedule HC-F, item 6, “All other assets,” and individually itemized and described in accordance with the instructions for item 6, if appropriate.

For purposes of this report, the financial statements are considered issued at the earliest of the following dates:

- (1) The submission deadline for the FR Y-9C report;
- (2) Any other public financial statement filing deadline to which the institution is subject; or
- (3) The note must be executed and enforceable before quarter-end.

To be reported as an asset, rather than a reduction of equity capital, as of a quarter-end report date, a note received as a capital contribution (that is collected in cash as described above) must meet the definition of an asset under generally accepted accounting principles by satisfying all of the following existence criteria:

- (1) There must be written documentation providing evidence that the note was contributed to the institution prior to the quarter-end report date by those with authority to make such a capital contribution on behalf of the issuer of the note (e.g., if the contribution is by the institution’s parent holding company, those in authority would be the holding company’s board of directors or its chief executive officer or chief financial officer);
- (2) The note must be a legally binding obligation of the issuer to fund a fixed and determinable amount by a specified date; and
- (3) The note must be executed and enforceable before quarter-end.

Although a bank holding company may have a general intent to, or may have entered into a capital maintenance agreement with the institution that calls for it to, maintain the institution’s capital at a specified level, this general intent or agreement alone would not constitute evidence that a note receivable existed at quarter-end. Furthermore, if a note receivable for a capital contribution obligates the note issuer to pay a variable amount, the institution must offset the note and equity capital. Similarly, an obligor’s issuance of several notes having fixed face amounts, taken together, would be considered a

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single note receivable having a variable payment amount, which would require all the notes to be offset in equity capital as of the quarter-end report date.

**Capitalization of Interest:** Interest costs associated with the construction of a building shall, if material, be capitalized as part of the cost of the building. Such interest costs include both the actual interest incurred when the construction funds are borrowed and the interest costs imputed to internal financing of a construction project.

The interest rate utilized to capitalized interest on internally financed projects in the reporting period shall be the rate(s) applicable to the bank holding company's borrowings outstanding during the period. For this purpose, a bank holding company's borrowings include interest-bearing deposits and other interest-bearing liabilities. The interest capitalized shall not exceed the total amount of interest cost incurred by the bank holding company during the reporting period.

For further information, see ASC Subtopic 835-20, Interest – Capitalization of Interest (formerly FASB Statement No. 34, *Capitalization of Interest Costs*, as amended).

**Carrybacks and Carryforwards:** See “Income taxes.”

**Certificate of Deposit:** See “Deposits.”

**Changes in Accounting Estimates:** See “Accounting changes.”

**Changes in Accounting Principles:** See “Accounting changes.”

**Commercial Banks in the U.S.:** See “Banks, U.S. and foreign.”

**Commercial Letter of Credit:** See “Letter of credit.”

**Commercial Paper:** Commercial paper consists of short-term negotiable promissory notes. Commercial paper matures in 270 days or less. Commercial paper may be backed by a standby letter of credit from a bank, as in the case of documented discounted notes. Holdings of commercial paper are to be reported as “securities” in Schedule HC-B, unless held for trading and therefore reportable in Schedule HC, item 5, “Trading assets.”

**Commodity or Bill-of-Lading Draft:** A commodity or bill-of-lading draft is a draft that is issued in connection with the shipment of goods. If the commodity or bill-of-lading draft becomes payable only when the shipment of goods against which it is payable arrives, it is an arrival

draft. Arrival drafts are usually forwarded by the shipper to the collecting depository institution with instructions to release the shipping documents (e.g., bill of lading) conveying title to the goods only upon payment of the draft. Payment, however, cannot be demanded until the goods have arrived at the drawee's destination. Arrival drafts provide a means of insuring payment of shipped goods at the time that the goods are released.

**Common Stock of Unconsolidated Subsidiaries, Investments in:** See the instructions to Consolidated Financial Statements for Bank Holding Companies, Schedule HC, item 8, “Investments in unconsolidated subsidiaries and associated companies.”

**Continuing Contract:** See “Federal funds transactions.”

**Contractholder:** A contractholder is the person, entity or group to whom an annuity is issued.

**Corporate Joint Venture:** See “Subsidiaries.”

**Corrections of Accounting Errors:** See “Accounting changes.”

**Coupon Stripping, Treasury Receipts, and STRIPS:** Coupon stripping occurs when a security holder physically detaches unmatured coupons from the principal portion of a security and sells either the detached coupons or the ex-coupon security separately. (Such transactions are generally considered by the Federal Reserve to represent “improper investment practices” for bank holding companies.) In accounting for such transactions, the carrying amount of the security must be allocated between the ex-coupon security and the detached coupons based on their relative fair values at the date of the sale in accordance with ASC Topic 860. Transfers and Servicing (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, as amended). (See the Glossary entry for “transfers of financial assets.”)

Detached U.S. government security coupons and ex-coupon U.S. government securities that are held for purposes other than trading, whether resulting from the coupon stripping activities of the reporting bank holding company or from its purchase of stripped securities, shall be reported as “Other domestic debt securities” in Schedule HC-B. The amount of any discount or premium relating to the detached coupons or ex-coupon securities must be amortized. (See the Glossary entry for “premiums and discounts.”)

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A variation of coupon stripping has been developed by several securities firms which have marketed instruments with such names as CATS (Certificates of Accrual on Treasury Securities), TIGR (Treasury Investment Growth Receipts), COUGAR (Certificates on Government Receipts), LION (Lehman Investment Opportunity Notes), and ETR (East Treasury Receipts). A securities dealer purchases U.S. Treasury securities, delivers them to a trustee, and sells receipts representing the rights to future interest and/or principal payments on the U.S. Treasury securities held by the trustee. Such Treasury receipts are not an obligation of the U.S. government and, when held for purposes other than trading shall be reported as other (domestic) securities in Schedule HC-B, item 6(a). The discount on these Treasury receipts must be accreted.

Under a program called Separate Trading of Registered Interest and Principal of Securities (STRIPS), the U.S. Treasury has issued certain long-term note and bond issues that are maintained in the book-entry system operated by the Federal Reserve Banks in a manner that permits separate trading and ownership of the interest and principal payments on these issues. Even after the interest or principal portions of U.S. Treasury STRIPS have been separately traded, they remain obligations of the U.S. government. STRIPS held for purposes other than trading shall be reported as U.S. Treasury securities in Schedule HC-B, item 1. The discount on separately traded portions of STRIPS must be accreted.

Detached coupons, ex-coupon securities, Treasury receipts, and U.S. Treasury STRIPS held for trading purposes shall be reported in Schedule HC, item 5, at fair value.

**Custody Account:** A custody account is one in which securities or other assets are held by a bank holding company or subsidiary of the bank holding company on behalf of a customer under a safekeeping arrangement. Assets held in such capacity are not to be reported in the balance sheet of the reporting bank nor are such accounts to be reflected as a liability. Assets of the reporting bank holding company held in custody accounts at banks that are outside the holding company are to be reported on the reporting bank holding company's balance sheet in the appropriate asset categories as if held in the physical custody of the reporting holding company.

**Dealer Reserve Account:** A dealer reserve account arises when the bank holding company purchases at full

face value a dealer's installment note receivables, but credits less than the full face value directly to the dealer's account. The remaining amount is credited to a separate dealer reserve account. That account is held by the bank holding company as collateral for the installment notes and, for reporting purposes, is treated as a deposit in the appropriate items of Schedule HC-E. The bank will subsequently disburse to the dealer predetermined portions of the reserve as the purchased notes are paid in a timely manner.

For example, if a bank purchases \$100,000 in notes from a dealer for the full face amount (\$100,000) and pays to the dealer \$90,000 in cash or in credits to his/her deposit account, the remaining \$10,000, which is held as collateral security, would be credited to the dealer reserve account.

See also "Deposits."

**Deferred Compensation Agreements:** Institutions often enter into deferred compensation agreements with selected employees as part of executive compensation and retention programs. These agreements are generally structured as nonqualified retirement plans for federal income tax purposes and are based upon individual agreements with selected employees. Institutions purchase life insurance in connection with many of these agreements. Bank-owned life insurance may produce attractive tax-equivalent yields that offset some or all of the costs of the agreements.

Deferred compensation agreements with select employees under individual contracts generally do not constitute postretirement income plans (i.e., pension plans) or post-retirement health and welfare benefit plans. The accounting for individual contracts that, when taken together, do not represent a postretirement plan should follow ASC Subtopic 710-10, Compensation-General – Overall (formerly Accounting Principles Board Opinion No. 12, *Omnibus Opinion 1967*, as amended by FASB Statement No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*). If the individual contracts, taken together, are equivalent to a plan, the plan should be accounted for under ASC Topic 715, Compensation-Retirement Benefits (formerly FASB Statement No. 87, *Employers' Accounting for Pensions*, or Statement No. 106).

ASC Subtopic 710-10 requires that an employer's obligation under a deferred compensation agreement be accrued according to the terms of the individual contract over the

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required service period to the date the employee is fully eligible to receive the benefits, i.e., the “full eligibility date.” Depending on the individual contract, the full eligibility date may be the employee’s expected retirement date, the date the employee entered into the contract, or a date between these two dates. ASC Subtopic 710-10 does not prescribe a specific accrual method for the benefits under deferred compensation contracts, stating only that the “cost of those benefits shall be accrued over that period of the employee’s service in a systematic and rational manner.” The amounts to be accrued each period should result in a deferred compensation liability at the full eligibility date that equals the then present value of the estimated benefit payments to be made under the individual contract.

ASC Subtopic 710-10 does not specify how to select the discount rate to measure the present value of the estimated benefit payments. Therefore, other relevant accounting literature must be considered in determining an appropriate discount rate. For purposes of these reports, an institution’s incremental borrowing rate<sup>3</sup> and the current rate of return on high-quality fixed-income debt securities<sup>4</sup> are acceptable discount rates to measure deferred compensation agreement obligations. An institution must select and consistently apply a discount rate policy that conforms with generally accepted accounting principles.

For each deferred compensation agreement to be accounted for in accordance with ASC Subtopic 710-10, an institution should calculate the present value of the expected future benefit payments under the agreement at the employee’s full eligibility date. The expected future benefit payments can be reasonably estimated and should be based on reasonable and supportable assumptions. The estimated amount of these benefit payments should be discounted because the benefits will be paid in periodic installments after the employee retires.

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3. ASC Subtopic 835-30, Interest – Imputation of Interest (formerly APB Opinion No. 21, *Interest on Receivables and Payables*, paragraph 13), states in part that the rate used for valuation purposes will normally be at least equal to the rate at which the debtor can obtain financing of a similar nature from other sources at the date of the transaction.’

4. Paragraph 186 in the Basis for Conclusions of former FASB Statement No. 106, states that “[t]he objective of selecting assumed discount rates is to measure the single amount that, if invested at the measurement date in a portfolio of high-quality debt instruments, would provide the necessary future cash flows to pay the accumulated benefits when due.”

For deferred compensation agreements commonly referred to as revenue neutral or indexed retirement plans,<sup>5</sup> the expected future benefits should include both the “primary benefit” and, if the employee is entitled to “excess earnings” that are earned after retirement, the “secondary benefit.” The number of periods the primary and any secondary benefit payments should be discounted may differ because the discount period for each type of benefit payment should be based upon the length of time during which each type of benefit will be paid as specified in the deferred compensation agreement.

After the present value of the expected future benefit payments has been determined, an institution should accrue an amount of compensation expense and a liability each year from the date the employee enters into the deferred compensation agreement until the full eligibility date. The amount of these annual accruals should be sufficient to ensure that a deferred compensation liability equal to the present value of the expected benefit payments is recorded by the full eligibility date. Any method of deferred compensation accounting that does not recognize some expense in each year from the date the employee enters into the agreement until the full eligibility date is not systematic and rational. (For indexed retirement plans, some expense should be recognized for the primary benefit and any secondary benefit in each of these years.)

Vesting provisions should be reviewed to ensure that the full eligibility date is properly determined because this

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5. Revenue neutral and indexed retirement plans are deferred compensation agreements that are typically designed so that the spread each year, if any, between the tax-equivalent earnings on bank-owned life insurance covering an individual employee and a hypothetical earnings calculation is deferred and paid to the employee as a postretirement benefit. This spread is commonly referred to as “excess earnings.” The hypothetical earnings are computed based on a pre-defined variable index rate (e.g., cost of funds or federal funds rate) times a notional amount. The agreement for this type of plan typically requires the excess earnings that accrue before an employee’s retirement to be recorded in a separate liability account. Once the employee retires, the balance in the liability account is generally paid to the employee in equal annual installments over a set number of years (e.g., 10 or 15 years). These payments are commonly referred to as the “primary benefit” or “preretirement benefit.” The employee may also receive the excess earnings that are earned after retirement. This benefit may continue until his or her death and is commonly referred to as the “secondary benefit” or “postretirement benefit.” The secondary benefit is paid annually, once the employee has retired, in addition to the primary benefit.

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date is critical to the measurement of the liability estimate. Because ASC Subtopic 710-10 requires that the present value of the expected benefit payments be recorded by the full eligibility date, institutions also need to consider changes in market interest rates to appropriately measure deferred compensation liabilities. Therefore, institutions should periodically review their estimates of the expected future benefits under deferred compensation agreements and the discount rates used to compute the present value of the expected benefit payments and revise the estimates and rates, when appropriate.

Deferred compensation agreements may include noncompete provisions or provisions requiring employees to perform consulting services during postretirement years. If the value of the noncompete provisions cannot be reasonably and reliably estimated, no value should be assigned to the noncompete provisions in recognizing the deferred compensation liability. Institutions should allocate a portion of the future benefit payments to consulting services to be performed in postretirement years only if the consulting services are determined to be substantive. Factors to consider in determining whether postretirement consulting services are substantive include, but are not limited to, whether the services are required to be performed, whether there is an economic benefit to the institution, and whether the employee forfeits the benefits under the agreement for failure to perform such services.

Deferred compensation liabilities should be reported on the balance sheet in Schedule HC, item 20, "Other liabilities," and in Schedule HC-G, item 4, "Other" liabilities. The annual compensation expense (service component and interest component) related to deferred compensation agreements should be reported in the income statement in Schedule HI, item 7(a), "Salaries and employee benefits."

See also "Bank-owned life insurance."

**Deferred Income Taxes:** See "Income taxes."

**Demand Deposits:** See "Deposits."

**Depository Institutions:** Depository institutions consist of depository institutions in the U.S. and banks in foreign countries.

*Depository institutions in the U.S.* consist of:

(1) U.S. branches and agencies of foreign banks;

- (2) U.S.-domiciled head offices and branches of U.S. banks, i.e.,
- (a) national banks,
  - (b) state-chartered commercial banks,
  - (c) trust companies that perform a commercial banking business,
  - (d) industrial banks,
  - (e) private or unincorporated banks,
  - (f) Edge and Agreement corporations, and
  - (g) International Banking Facilities of U.S. depository institutions; and
- (3) U.S.-domiciled head offices and branches of other depository institutions in the U.S., i.e.,
- (a) mutual or stock savings banks,
  - (b) savings or building and loan associations,
  - (c) cooperative banks,
  - (d) credit unions,
  - (e) homestead associations, and
  - (f) International Banking Facilities (IBFs) of other depository institutions in the U.S.; and
  - (g) other similar depository institutions in the U.S.

Banks in foreign countries consist of foreign branches of foreign banks and foreign offices of U.S. banks.

See the Glossary entry for "Banks, U.S. and foreign," for a definition of foreign banks.

**Deposits:** The basic statutory and regulatory definitions of "deposits" are contained in Section 3(1) of the Federal Deposit Insurance Act and in the Federal Reserve Regulation D. The definitions in these two legal sources differ in certain respects. Furthermore, for purposes of these reports, the reporting standards for deposits specified in these instructions do not strictly follow the precise legal definitions in these two sources. In addition, deposits for purposes of this report, include deposits of thrift institutions. The definitions of deposits to be reported in the deposit items of the Consolidated Financial Statements of Bank Holding Companies are discussed below under the following headings:

- (I) FDI Act definition of deposits.
- (II) Transaction–nontransaction deposit

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distinction.

(III) Interest noninterest-bearing deposit distinction.

(I) *FDI Act definition of deposits:*

- (1) the unpaid balance of money or its equivalent received or held by a bank in the usual course of business and for which it has given or is obligated to give credit, either conditionally or unconditionally, to a commercial, checking, savings, time, or thrift account, or which is evidenced by its certificate of indebtedness, or other similar name, or a check or draft drawn against a deposit account and certified by the bank, or a letter of credit or a traveler's check on which the bank is primarily liable: Provided that, without limiting the generality of the term "money or its equivalent," any such account or instrument must be regarded as evidencing the receipt of the equivalent of money when credited or issued in exchange for checks or drafts or for a promissory note upon which the person obtaining any such credit or instrument is primarily or secondarily liable, or for a charge against a deposit account, or in settlement of checks, drafts, or other instruments forwarded to such bank for collection.
- (2) trust funds as defined in this Act received or held by such bank, whether held in the trust department or held or deposited in any other department of such bank.
- (3) money received or held by a bank, or the credit given for money or its equivalent received or held by a bank, in the usual course of business for a special or specific purpose, regardless of the legal relationship thereby established, including without being limited to, escrow funds, funds held as security for an obligation due to the bank or others (including funds held as dealers reserves) or for securities loaned by the bank, funds deposited by a debtor to meet maturing obligations, funds deposited as advance payment on subscriptions to United States government securities, funds held for distribution or purchase of securities, funds held to meet its acceptances or letters of credit, and withheld taxes: Provided that there shall not be included funds which are received by the bank for immediate application to the reduction of an indebtedness to the receiving bank, or under condition that the receipt thereof immediately reduces or extinguishes such an indebtedness.

(4) outstanding draft (including advice or authorization to charge bank's balance in another bank), cashier's check, money order, or other officer's check issued in the usual course of business for any purpose, including without being limited to those issued in payment for services, dividends, or purchases, and

(5) such other obligations of a bank as the Board of Directors of the Federal Deposit Insurance Corporation, after consultation with the Comptroller of the Currency and the Board of Governors of the Federal Reserve System, shall find and prescribe by regulation to be deposit liabilities by general usage.

(II) *Transaction–nontransaction deposit distinction:*

The Monetary Control Act of 1980 and the current Federal Reserve Regulation D, "Reserve Requirements of Depository institutions," establish, for purposes of federal reserve requirements on deposit liabilities, a category of deposits designated as "transaction accounts" All deposits that are not transaction accounts are "non-transaction accounts."

(1) *Transaction accounts*—With the exceptions noted below, a "transaction account," as defined in Regulation D and in these instructions, is a deposit or account from which the depositor or account holder is permitted to make transfers or withdrawals by negotiable or transferable instruments, payment orders of withdrawal, telephone transfers, or other similar devices for the purpose of making payments or transfers to third persons or others or from which the depositor may make more than six third party payments at an automated teller machine (ATM), a remote service unit (RSU), or another electronic device, including by debit card.

Excluded from transaction accounts are savings deposits (including money market deposit accounts—MMDAs) as defined below in the nontransaction account category. However, an account that otherwise meets the definition of savings deposits but that authorizes or permits the depositor to exceed the transfer limitations specified for those respective accounts shall be reported as a transaction account. (Please refer to the definitions of savings deposits for further detail.)

Transaction accounts consist of the following types of deposits: (a) demand deposits; (b) NOW accounts (including accounts previously designated as "Super

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NOWs”); (c) ATS accounts; and (d) telephone and preauthorized transfer accounts. Interest that is paid by the crediting of transaction accounts is also included in transaction accounts.

- (a) *Demand deposits* are deposits that are payable immediately on demand, or have an original maturity or required notice period of less than seven days, or that represent funds for which the depository institution does not reserve the right to require at least seven days’ written notice of an intended withdrawal. Demand deposits include any matured time deposits without automatic renewal provisions, unless the deposit agreement provides for the funds to be transferred at maturity to another type of account. Effective July 21, 2011, demand deposits may be interest-bearing or noninterest-bearing. Demand deposits do *not* include: (i) money market deposit accounts (MMDAs) or (ii) NOW accounts, as defined below in this entry.
- (b) *NOW accounts* are interest-bearing deposits (i) on which the depository institution has reserved the right to require at least seven days’ written notice prior to withdrawal or transfer of any funds in the account and (ii) that can be withdrawn or transferred to third parties by issuance of a negotiable or transferable instrument.

NOW accounts, as authorized by federal law, are limited to accounts held by:

- (i) Individuals or sole proprietorships;
- (ii) Organizations that are operated primarily for religious, philanthropic, charitable, educational, or other similar purposes and that are not operated for profit. These include organizations, partnerships, corporations, or associations that are not organized for profit *and* are described in section 501(c)(3) through (13) and (19) and section 528 of the Internal Revenue Code, such as church organizations; professional associations; trade associations; labor unions; fraternities, sororities and similar social organizations; and non-profit recreational clubs; or
- (iii) Governmental units including the federal government; state governments; county and municipal governments and their political

subdivisions; the District of Columbia; the Commonwealth of Puerto Rico, American Samoa, Guam, and any territory or possession of the United States and their political subdivisions.

NOTE: There are no regulatory requirements with respect to minimum balances to be maintained in a NOW account or to the amount of interest that may be paid on a NOW account.

- (c) *ATS accounts* are deposits or accounts of individuals on which the depository institution has reserved the right to require at least seven days’ written notice prior to withdrawal or transfer of any funds in the account and from which, pursuant to written agreement arranged in advance between the reporting institution and the depositor, withdrawals may be made automatically through payment to the depository institution itself or through transfer of credit to a demand deposit or other account in order to cover checks or drafts drawn upon the institution or to maintain a specified balance in, or to make periodic transfers to, such other accounts.
- (d) *Telephone or preauthorized transfer accounts* consist of deposits or accounts (1) in which the entire beneficial interest is held by a party eligible to hold a NOW account, (2) on which the reporting institution has reserved the right to require at least seven days’ written notice prior to withdrawal or transfer of any funds in the account, and (3) under the terms of which, or by practice of the reporting institution, the depositor is permitted or authorized to make *more than six* withdrawals per month or statement cycle (or similar period) of at least four weeks for purposes of transferring funds to another account of the depositor at the same institution (including a transaction account) or for making payment to institution (including a transaction account) or for making payment to a third party by means of preauthorized transfer, or telephonic (including data transmission) agreement, order or instruction. An account that permits or authorizes more than six such withdrawals in a “month” (a calendar month or any period approximating a month that is at least four weeks long, such as a statement cycle) is a transaction account whether

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or not more than six such withdrawals actually are made in the “month.”

A “preauthorized transfer” includes any arrangement by the reporting institution to pay a third party from the account of a depositor (1) upon written or oral instruction (including an order received through an automated clearing house (ACH), or (2) at a predetermined time or on a fixed schedule.

Telephone and preauthorized transfer accounts also include (1) the balances of deposits or accounts that otherwise meet the definition of savings deposits (other than MMDAs) or time deposits, but from which payments may be made to *third parties* by means of a debit card, an automated teller machine, remote service unit or other electronic device, regardless of the number of payments made; and (2) deposits or accounts maintained in connection with an arrangement that permits the depositor to obtain credit directly or indirectly through the drawing of a negotiable or nonnegotiable check, draft, order or instruction or other similar device (including telephone or electronic order or instruction) on the issuing institution that can be used for purposes of making payments or transfers to third persons or others, or to another deposit account of the depositor.

Telephone or preauthorized transfer accounts *do not include*:

- (i) Accounts that otherwise meet the definition of telephone or preauthorized transfer accounts as defined above but that are held by a depositor that is *not* eligible to hold a NOW account. Such accounts shall be reported as demand deposits.
  - (ii) Accounts, regardless of holder, that permit *no more than six* telephone or preauthorized transfers per month to another account of the depositor at the same institution or to a third party. (iii)
  - (iii) All demand deposits, ATS accounts, NOW accounts, and savings deposits (including MMDAs), even if telephone or preauthorized transfers are permitted from such accounts.
- (iv) Deposits or accounts (other than savings deposits) held by individuals from which *more than six* transfers per month can be made to a checking or NOW account to cover overdrafts. Such accounts are regarded as ATS accounts, not as telephone or preauthorized transfer accounts.
- (2) *Nontransaction accounts*—All deposits that are not transaction accounts (as defined above) are non transaction accounts. Nontransaction accounts include:
    - (a) savings deposits (including MMDAs and other savings deposits) and (b) time deposits (time certificates of deposit and time deposits, open account).
- (a) *Savings deposits* are deposits that are not payable on a specified date or after a specified period of time from the date of deposit, but for which the reporting institution expressly reserves the right to require at *least* seven days’ written notice before an intended withdrawal.

Under the terms of the deposit contract or by practice of the depository institution, the depositor is permitted or authorized to make *no more than six transfers* per calendar month or statement cycle (or similar period) of at least four weeks to another account (including a transaction account) of the depositor at the same institution or to a third party by means of a preauthorized or automatic transfer or telephonic (including data transmission) agreement, order or instruction and *no more than three of the six such transfers* may be by check, draft, debit card or similar order made by the depositor and payable to third parties.

There are no regulatory restrictions on the following types of transfers or withdrawals from a saving account regardless of the number:

- (1) Transfers for the purpose of repaying loans and associated expenses at the same depository institution (as originator or servicer).
- (2) Transfers of funds from this account to another account of the same depositor at the same institution when by mail, messenger, automated teller machine, or in person.
- (3) Withdrawals for payment directly to the depositor when made by mail, messenger, automated teller machine, in person, or

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by telephone (via check mailed to the depositor).

Further, savings deposits have no minimum balance is required by regulation, there is no regulatory limitation on the amount of interest that may be paid, and no minimum maturity is required (although depository institutions must reserve the right to require at least seven days' written notice prior to withdrawal as stipulated above for a savings deposit).

Any depository institution may place restrictions and requirements on savings deposits in addition to those stipulated above for each respective account and in Federal Reserve Regulation D.

On the other hand, an account that otherwise meets the definition of savings deposit but that authorizes or permits the depositor to exceed the third-party transfer rule shall be reported as a transaction account, as follows:

- (1) If the depositor is ineligible to hold a NOW account, such an account is considered a demand deposit.
- (2) If the depositor is eligible to hold a NOW account, the account will be considered either a NOW account, a telephone or pre authorized transfer account, an ATS account, or a demand deposit, depending first on whether transfers or withdrawals by check, draft, or similar instrument are permitted or authorized and, if not, on the types of transfers allowed and on the type of depositor:
  - (a) If withdrawals or transfers by check, draft, or similar instrument are permitted or authorized, the account is considered a NOW account.
  - (b) If withdrawals or transfers by check, draft, or similar instrument are *not* permitted or authorized, the nature of the account is determined *first* by the type of transfers authorized or permitted and *second* by the type of depositor:
    - (i) If only telephone or preauthorized transfers are permitted or authorized, the account is considered a telephone or preauthorized transfer account.

- (ii) If other types of transfers are authorized or permitted (e.g., automatic transfers), the account type is determined by the type of depositor:

- (a) If the depositor is eligible to hold an ATS account, the account is considered an ATS account.
  - (b) If the depositor is ineligible to hold an ATS account, the account is considered a demand deposit.
- (b) *Time deposits* are payable on a specified date not less than seven days after the date of deposit or payable at the expiration of a specified time not less than seven days after the date of deposit, or payable only upon written notice that is actually required to be given by the depositor not less than seven days prior to withdrawal. Also, the depositor does not have a right, and is not permitted, to make withdrawals from time deposits within six days after the date of deposit unless the deposit is subject to an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within the first six days after deposit.<sup>6</sup> A time deposit from which partial early withdrawals are permitted must impose additional early withdrawal penalties of at least seven days' simple interest on amounts withdrawn within six days after each partial withdrawal. If such additional early withdrawal penalties are not imposed, the account ceases to be a time deposit. The account may become a savings deposit if it meets the requirements for a savings deposit; otherwise it becomes a demand deposit.

NOTE: The above prescribed penalties are the minimum required by Federal Reserve Regulation D. Institutions may choose to require penalties for early withdrawal in excess of the regulatory minimums.

Time deposits take two forms:

- (i) *Time certificates of deposit* (including roll-over certificates of deposit) are deposits

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6. Accounts existing on March 31, 1986, may satisfy the early withdrawal penalties specified by Federal Reserve Regulation D by meeting the Depository Institutions Deregulation Committee's early withdrawal penalties in existence on March 31, 1986.

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evidenced by a negotiable or nonnegotiable instrument, or a deposit in book entry form evidenced by a receipt or similar acknowledgement issued by the bank, that provides, on its face, that the amount of such deposit is payable to the bearer, to any specified person, or to the order of a specified person as follows:

- (a) on a certain date not less than seven days after the date of deposit,
  - (b) at the expiration of a specified period not less than seven days after the date of the deposit, or
  - (c) upon written notice to the bank which is to be given not less than seven days before the date of withdrawal.
- (ii) *Time deposits, open account* are deposits (other than time certificates of deposit) for which there is in force a written contract with the depositor that neither the whole nor any part of such deposit may be withdrawn prior to:
- (a) the date of maturity which shall be not less than seven days after the date of the deposit, or
  - (b) the expiration of a specified period of written notice of not less than seven days. These deposits include “club accounts.” For purposes of the Consolidated Financial Statements of Bank Holding Companies, “club accounts” consist of accounts, such as Christmas club and vacation club accounts, made under written contracts that provide that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than three months, even though some of the deposits are made within six days of the end of such period.

Time deposits do not include the following categories of liabilities even if they have an original maturity of seven days or more:

- (1) Any deposit or account that otherwise meets the definition of a time deposit but

that allows withdrawals within the first six days after deposit and that does not require an early withdrawal penalty of at least seven days’ simple interest on amounts withdrawn within those first six days. Such deposits or accounts that meet the definition of a savings deposit shall be reported as savings deposits; otherwise they shall be reported as demand deposits.

- (2) The remaining balance of a time deposit if a partial early withdrawal is made and the remaining balance is not subject to additional early withdrawal penalties of at least seven days’ simple interest on amounts withdrawn within six days after each partial withdrawal. Such time deposits that meet the definition of a savings deposit shall be reported as savings deposits; otherwise they shall be reported as demand deposits.

*Reporting of Retail Sweep Arrangements Affecting Transaction and Nontransaction Accounts* — In an effort to reduce their reserve requirements, some bank holding company bank subsidiaries have established “retail sweep arrangements” or “retail sweep programs.” In a retail sweep arrangement, a depository institution transfers funds between a customer’s transaction account(s) and that customer’s nontransaction account(s) (usually savings deposit account(s)) by means of preauthorized or automatic transfers, typically in order to reduce transaction account reserve requirements while providing the customer with unlimited access to the funds.

There are three key criteria for retail sweep programs to comply with Federal Reserve Regulation D definitions of “transaction account” and “savings deposit:”

- (1) A depository institution must establish by agreement with its transaction account customer two legally separate accounts: a transaction account (a NOW account or demand deposit account) and a savings deposit account, sometimes called a “money market deposit account” or “MMDA”;
- (2) The swept funds must actually be moved from the customer’s transaction account to the customer’s savings deposit account on the official books and records of the depository institution as of the close of

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the business on the day(s) on which the depository institution intends to report the funds in question as savings deposits and not transaction accounts, and vice versa. In addition to actually moving the customer's funds between accounts and reflecting this movement at the account level:

- (a) If the depository institution's general ledger is sufficiently disaggregated to distinguish between transaction and savings deposit accounts, the aforementioned movement of funds between the customer's transaction account and savings deposit account must be reflected on the general ledger.
- (b) If the depository institution's general ledger is not sufficiently disaggregated, the distinction may be reflected in supplemental records or systems, but only if such supplemental records or systems constitute official books and records of the institution and are subject to the same prudent managerial oversight and controls as the general ledger.

A retail sweep program may not exist solely in records or on systems that do not constitute official books and records of the depository institution and that are not used for any purpose other than generating its Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900) for submission to the Federal Reserve; and

- (3) The maximum number of preauthorized or automatic funds transfers ("sweeps") out of a savings deposit account and into a transaction account in a retail sweep program is limited to not more than six per month. Transfers out of the transaction account and into the savings deposit may be unlimited in number.

If any of the three criteria is not met, all swept funds must continue to be reported as transaction accounts, both for purposes of this report and of FR 2900 deposit reports. All three criteria must be met in order to report the nontransaction subaccount as a nonreservable savings deposit account.

Further, for purposes of the FR Y-9C report, if all three of the criteria above are met, a bank holding company must report the transaction account and nontransaction account components of a retail sweep program separately when it reports its quarter-end deposit information in Schedules HC and HC-E, its quarterly averages in Schedule HC-K,

and its interest expense (if any) in Schedule HI. Thus, when reporting quarterly averages in Schedule HC-K, a bank holding company should include the amounts held in the transaction accounts (if interest-bearing) and the nontransaction savings accounts in retail sweep arrangements each day or each week in the appropriate separate items for average interest-bearing deposits. In addition, if the bank subsidiary pays interest on accounts involved in retail sweep arrangements, the interest expense reported in Schedule HI should be allocated to the appropriate category in item 2(a), "Interest on deposits," based on the balances in these accounts during the reporting period.

For additional information, refer to the Federal Reserve Board staff guidance relating to the requirements for a retail sweep program under Regulation D at <http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/2007/20070501/20070501.pdf>.

### (III) *Interest noninterest-bearing deposit distinction:*

- (1) *Interest-bearing deposit accounts* consist of deposit accounts on which the issuing depository institution makes any payment to or for the account of any depositor as compensation for the use of funds constituting a deposit. Such compensation may be in the form of cash, merchandise, or property or as a credit to an account. An institution's absorption of expenses incident to providing a normal banking function or its forbearance from charging a fee in connection with such a service is not considered a payment of interest.

Deposits with a zero percent interest rate that are *issued* on a *discount basis* are to be treated as interest-bearing. Deposit accounts on which the interest rate is periodically adjusted in response to changes in market interest rates and other factors should be reported as interest-bearing even if the rate has been reduced zero, provided the interest rate on these accounts can be increased as market conditions change.

- (2) *Noninterest-bearing deposit accounts* consist of deposit accounts on which the issuing depository institution makes no payment to or for the account of any depositor as compensation for the use of funds constituting a deposit. An institution's absorption of expenses incident to providing a normal banking function or its forbearance from charging a fee in

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connection with such a service is not considered a payment of interest.

*Noninterest-bearing deposit accounts* include (i) matured time deposits that are not automatically renewable (unless the deposit agreement provides for the funds to be transferred at maturity to another type of account) and (ii) deposits with a zero percent stated interest rate that are *issued at face value*.

See also “Brokered deposits” and “Hypothecated deposits.”

**Derivative Contracts:** Bank holding companies commonly use derivative instruments for managing (positioning or hedging) their exposure to market risk (including interest rate risk and foreign exchange risk), cash flow risk, and other risks in their operations and for trading. The accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities are set forth in ASC Topic 815, *Derivatives and Hedging* (formerly FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended), which bank holding companies must follow for purposes of these reports. ASC Topic 815 requires all derivatives to be recognized on the balance sheet as either assets or liabilities at their fair value. A summary of the principal provisions of ASC Topic 815 follows. For further information, see ASC Topic 815 which includes the implementation guidance issued by the FASB’s Derivatives Implementation Group.

### *Definition of Derivative*

ASC Topic 815 defines a “derivative instrument” as a financial instrument or other contract with all three of the following characteristics:

- (1) It has one or more underlyings (i.e., specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, or other variable) and one or more notional amounts (i.e., number of currency units, shares, bushels, pounds, or other units specified in the contract) or payment provisions or both. These terms determine the amount of the settlement or settlements, and in some cases, whether or not a settlement is required.
- (2) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have similar response to changes in market factors.

- (3) Its terms require or permit net settlement, it can be readily settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

Certain contracts that may meet the definition of a derivative are specifically excluded from the scope of ASC Topic 815, including:

- “regular-way” securities trades, which are trades that are completed within the time period generally established by regulations and conventions in the marketplace or by the exchange on which the trade is executed;
- normal purchases and sales of an item other than a financial instrument or derivative instrument (e.g., a commodity) that will be delivered in quantities expected to be used or sold by the reporting entity over a reasonable period in the normal course of business;
- traditional life insurance and property and casualty contracts; and
- certain financial guarantee contracts.

ASC Topic 815 has special criteria for determining whether commitments to originate loans meet the definition of a derivative. Commitments to originate mortgage loans that will be held for sale are accounted for as derivatives. Commitments to originate mortgage loans that will be held for investment are not accounted for as derivatives. Also, all commitments to originate loans other than mortgage loans are not accounted for as derivatives. Commitments to purchase loans must be evaluated to determine whether the commitment meets the definition of a derivative under ASC Topic 815.

### *Types of Derivatives*

The most common types of freestanding derivatives are forwards, futures, swaps, options, caps, floors, and collars.

*Forward contracts* are agreements that obligate two parties to purchase (long) and sell (short) a specific financial instrument, foreign currency, or commodity at a specified price with delivery and settlement at a specified future date.

*Futures contracts* are standardized forward contracts that are traded on organized exchanges. Exchanges in the U.S. are registered with and regulated by the Commodity

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Futures Trading Commission. The deliverable financial instruments underlying interest-rate future contracts are specified investment-grade financial instruments, such as U.S. Treasury securities or mortgage-backed securities. *Foreign currency futures contracts* involve specified deliverable amounts of a particular foreign currency. The deliverable products under commodity futures contracts are specified amounts and grades of commodities such as gold bullion. Equity futures contracts are derivatives that have 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.

Other forward contracts are traded over the counter and their terms are not standardized. Such contracts can only be terminated, other than by receipt of the underlying asset, by agreement of both buyer and seller. A forward rate agreement is a forward contract that specifies a reference interest rate and an agreed on interest rate (one to be paid and one to be received), an assumed principal amount (the notional amount), and a specific maturity and settlement date.

*Swap contracts* are forward-based contracts in which two parties agree to swap streams of payments over a specified period. The payments are based on an agreed upon notional principal amount. An *interest rate swap* generally involves no exchange of principal at inception or maturity. Rather, the notional amount is used to calculate the payment streams to be exchanged. However, *foreign exchange swaps* often involve the exchange of principal.

*Option contracts* (standby contracts) are traded on exchanges and over the counter. Option contracts grant the right, but do not obligate, the purchaser (holder) to buy (call) or sell (put) a specific or standard commodity, financial, or equity instrument at a specified price during a specified period or at a specified date. A *purchased option* is a contract in which the buyer has paid compensation (such as a fee or premium) to acquire the right to sell or purchase an instrument at a stated price on a specified future date. A *written option* obligates the option seller to purchase or sell the instrument at the option of the buyer of the contract. Option contracts may relate to purchases or sales of securities, money market instruments, futures contracts, other financial instruments, or commodities.

*Interest rate caps* are option contracts in which the cap seller, in return for a premium, agrees to limit the cap holder's risk associated with an increase in interest rates.

If rates go above a specified interest-rate level (the strike price or cap rate), the cap holder is entitled to receive cash payments equal to the excess of the market rate over the strike price multiplied by the notional principal amount. For example, an issuer of floating-rate debt may purchase a cap to protect against rising interest rates, while retaining the ability to benefit from a decline in rates.

*Interest rate floors* are option contracts in which the floor seller, in return for a premium, agrees to limit the risk associated with a decline in interest rates based on a notional amount. If rates fall below an agreed rate, the floor holder will receive cash payments from the floor writer equal to the difference between the market rate and an agreed rate, multiplied by the notional principal amount.

*Interest rate collars* are option contracts that combine a cap and a floor (one held and one written). Interest rate collars enable a user with a floating rate contract to lock into a predetermined interest-rate range often at a lower cost than a cap or a floor.

## *Embedded Derivatives*

Contracts that do not in their entirety meet the definition of a derivative instrument, such as bonds, insurance policies, and leases, may contain "embedded" derivative instruments. Embedded derivatives are implicit or explicit terms within a contract that affect some or all of the cash flows or the value of other exchanges required by the contract in a manner similar to a derivative instrument. The effect of embedding a derivative instrument in another type of contract ("the host contract") is that some or all of the cash flows or other exchanges that otherwise would be required by the host contract, whether unconditional or contingent upon the occurrence of a specified event, will be modified based on one or more of the underlyings.

An embedded derivative instrument shall be separated from the host contract and accounted for as a derivative instrument, i.e., bifurcated, if and only if all three of the following conditions are met:

- (1) The economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract,
- (2) The contract ("the hybrid instrument") that embodies the embedded derivative and the host contract is

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not remeasured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur, and

- (3) A separate instrument with the same terms as the embedded derivative instrument would be a considered a derivative.

An embedded derivative instrument in which the underlying is an interest rate or interest rate index that alters net interest payments that otherwise would be paid or received on an interest-bearing host contract is considered to be clearly and closely related to the host contract unless either of the following conditions exist:

- (1) The hybrid instrument can contractually be settled in such a way that the investor (holder) would not recover substantially all of its initial recorded investment, or
- (2) The embedded derivative could at least double the investor's initial rate of return on the host contract and could also result in a rate of return that is at least twice what otherwise would be the market return for a contract that has the same terms as the host contract and that involves a debtor with a similar credit quality.

Examples of hybrid instruments (not held for trading purposes) with embedded derivatives which meet the three conditions listed above and must be accounted for separately include debt instruments (including deposit liabilities) whose return or yield is indexed to: changes in an equity securities index (e.g., the Standard & Poor's 500); changes in the price of a specific equity security; or changes in the price of gold, crude oil, or some other commodity. For purposes of these reports, when an embedded derivative must be accounted for separately from the host contract under ASC Topic 815, the carrying value of the host contract and the fair value of the embedded derivative may be combined and presented together on the balance sheet in the asset or liability category appropriate to the host contract.

Under ASC Subtopic 815-15, Derivatives and Hedging – Embedded Derivatives (formerly FASB Statement No. 155, *Accounting for Certain Hybrid Financial Instruments*), a bank holding company with a hybrid instrument for which bifurcation would otherwise be required is permitted to irrevocably elect to initially and subsequently measure the hybrid instrument in its entirety at

fair value with changes in fair value recognized in earnings. In addition, ASC Subtopic 815-15 subjects all but the simplest forms of interest-only and principal-only strips and all forms of beneficial interests in securitized financial assets to the requirements of ASC Topic 815. Thus, a bank holding company must evaluate such instruments to identify those that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation. However, a beneficial interest that contains a concentration of credit risk in the form of subordination to another financial instrument and certain securitized interests in prepayable financial assets are not considered to contain embedded derivatives that must be accounted for separately from the host contract. For further information, see ASC Subtopic 815-15, Derivatives and Hedging – Embedded Derivatives (formerly Derivatives Implementation Group Issue No. B40, “*Application of Paragraph 13(b) to Securitized Interests in Prepayable Financial Assets*”).

Except in limited circumstances, interest-only and principal-only strips and beneficial interests in securitized assets that were recognized prior to the effective date (or early adoption date) of ASC Subtopic 815-15 are not subject to evaluation for embedded derivatives under ASC Topic 815.

### *Recognition of Derivatives and Measurement of Derivatives and Hedged Items*

A bank holding company should recognize all of its derivative instruments on its balance sheet as either assets or liabilities at fair value. As defined in ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, *Fair Value Measurements*), fair value 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.”

The accounting for changes in the fair value (that is, gains and losses) of a derivative depends on whether it has been designated and qualifies as part of a hedging relationship and, if so, on the reason for holding it. Either all or a proportion of a derivative may be designated as a hedging instrument. The proportion must be expressed as a percentage of the entire derivative. Gains and losses on derivative instruments are accounted for as follows:

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- (1) *No hedging designation*—The gain or loss on a derivative instrument not designated as a hedging instrument, including all derivatives held for trading purposes, is recognized currently in earnings.
- (2) *Fair value hedge*—For a derivative designated as hedging the exposure to changes in the fair value of a recognized asset or liability or a firm commitment, which is referred to as a fair value hedge, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the risk being hedged should be recognized currently.
- (3) *Cash flow hedge*—For a derivative designated as hedging the exposure to variable cash flows of an existing recognized asset or liability or a forecasted transaction, which is referred to as a cash flow hedge, the effective portion of the gain or loss on the derivative should initially be reported outside of earnings as a component of other comprehensive income and subsequently reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The remaining gain or loss on the derivative instrument, if any, (i.e., the ineffective portion of the gain or loss and any component of the gain or loss excluded from the assessment of hedge effectiveness) should be recognized currently in earnings.
- (4) *Foreign currency hedge*—For a derivative designated as hedging the foreign currency exposure of a net investment in a foreign operation, the gain or loss is reported outside of earnings in other comprehensive income as part of the cumulative translation adjustment. For a derivative designated as a hedge of the foreign currency exposure of an unrecognized firm commitment or an available-for-sale security, the accounting for a fair value hedge should be applied. Similarly, for a derivative designated as a hedge of the foreign currency exposure of a foreign-currency denominated forecasted transaction, the accounting for a cash flow hedge should be applied.

To qualify for hedge accounting, the risk being hedged must represent an exposure to an institution's earnings. In general, if the hedged item is a financial asset or liability, the designated risk being hedged can be (1) all risks, i.e., the risk of changes in the overall fair value of the hedged item or the risk of overall changes in the hedged cash flows; (2) the risk of changes in the fair value or cash flows of the hedged item attributable to

changes in the benchmark interest rate;<sup>7</sup> (3) the risk of changes in the fair value or cash flows of the hedged item attributable to changes in foreign exchange rates; or (4) the risk of changes in the fair value or cash flows of the hedged item attributable to changes in the obligor's creditworthiness. For held-to-maturity securities, only credit risk, foreign exchange risk, or both may be hedged.

Designated hedging instruments and hedged items qualify for fair value or cash flow hedge accounting if all of the criteria specified in ASC Topic 815 are met. These criteria include:

- (1) At inception of the hedge, there is formal documentation of the hedging relationship and the institution's risk management objective and strategy for undertaking the hedge, including identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the hedging instrument's effectiveness will be assessed. There must be a reasonable basis for how the institution plans to assess the hedging instrument's effectiveness.
- (2) Both at inception of the hedge and on an ongoing basis, the hedging relationship is expected to be highly effective in achieving offsetting changes in fair value or offsetting cash flows attributable to the hedged risk during the period that the hedge is designated or the term of the hedge. An assessment of effectiveness is required whenever financial statements or earnings are reported, and at least every three months. All assessments of effectiveness shall be consistent with the risk management strategy documented for that particular hedging relationship.

In a fair value hedge, an asset or a liability is eligible for designation as a hedged item if the hedged item is specifically identified as either all or a specific portion of a recognized asset or liability or of an unrecognized firm commitment, the hedged item is a single asset or liability (or a specific portion thereof) or is a portfolio of similar assets or a portfolio of similar liabilities (or a specific portion thereof), and certain other criteria specified in ASC Topic 815 are met. If similar assets or similar

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7. The benchmark interest rate is a widely recognized and quoted rate in an active financial market that is broadly indicative of the overall level of interest rates attributable to high-credit-quality obligors in that market. In theory, this should be a risk-free rate. In the U.S., interest rates on U.S. Treasury securities and the LIBOR swap rate are considered benchmark interest rates.

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liabilities are aggregated and hedged as a portfolio, the individual assets or individual liabilities must share the risk exposure for which they are designated as being hedged. The change in fair value attributable to the hedged risk for each individual item in a hedged portfolio must be expected to respond in a generally proportionate manner to the overall change in fair value of the aggregate portfolio attributable to the hedged risk.

In a cash flow hedge, the individual cash flows related to a recognized asset or liability and the cash flows related to a forecasted transaction are both referred to as a forecasted transaction. Thus, a forecasted transaction is eligible for designation as a hedged transaction if the forecasted transaction is specifically identified as a single transaction or a group of individual transactions, the occurrence of the forecasted transaction is probable, and certain other criteria specified in ASC Topic 815 are met. If the hedged transaction is a group of individual transactions, those individual transactions must share the same risk exposure for which they are designated as being hedged.

An institution should discontinue prospectively its use of fair value or cash flow hedge accounting for an existing hedge if any of the qualifying criteria for hedge accounting is no longer met; the derivative expires or is sold, terminated, or exercised; or the institution removes the designation of the hedge. When this occurs for a cash flow hedge, the net gain or loss on the derivative should remain in “Accumulated other comprehensive income” and be reclassified into earnings in the periods during which the hedged forecasted transaction affects earnings. However, if it is probable that the forecasted transaction will not occur by the end of the originally specified time period (as documented at the inception of the hedging relationship) or within an additional two-month period of time thereafter (except as noted in ASC Topic 815), the derivative gain or loss reported in “Accumulated other comprehensive income” should be reclassified into earnings immediately.

For a fair value hedge, in general, if a periodic assessment of hedge effectiveness indicates noncompliance with the highly effective criterion that must be met in order to qualify for hedge accounting, an institution should not recognize adjustment of the carrying amount of the hedged item for the change in the item’s fair value attributable to the hedged risk after the last date on which compliance with the effectiveness criterion was established.

With certain limited exceptions, a nonderivative instrument, such as a U.S. Treasury security, may not be designated as a hedging instrument.

### *Reporting Derivative Contracts*

When an institution enters into a derivative contract, it should classify the derivative as either held for trading or held for purposes other than trading (end-user derivatives) based on the reasons for entering into the contract. All derivatives must be reported at fair value on the balance sheet (Schedule HC).

Trading derivatives with positive fair values should be reported as trading assets in Schedule HC, item 5. Trading derivatives with negative fair values should be reported as trading liabilities in Schedule HC, item 15. Changes in the fair value (that is, gains and losses) of trading derivatives should be recognized currently in earnings and included in Schedule HI, item 5(c), “Trading revenue.”

Freestanding derivatives held for purposes other than trading (and embedded derivatives that are accounted for separately under ASC Topic 815, which the bank holding company has chosen to present separately from the host contract on the balance sheet) that have positive fair values should be included in Schedule HC-F, item 6, “Other” assets. Freestanding derivatives held for purposes other than trading (and embedded derivatives that are accounted for separately under ASC Topic 815, which the bank holding company has chosen to present separately from the host contract on the balance sheet) that have negative fair values should be included in Schedule HC-G, item 4, “Other” liabilities. Net gains (losses) on derivatives held for purposes other than trading that are not designated as hedging instruments should be recognized currently in earnings and reported consistently as either “Other noninterest income” or “Other noninterest expense” in Schedule HI, item 5(l) or item 7(d), respectively.

Netting of derivative assets and liabilities is prohibited on the balance sheet except as permitted under ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*). See the Glossary entry for “offsetting.”

Bank holding companies must report the notional amounts of their derivative contracts (both freestanding derivatives and embedded derivatives that are accounted for separately from their host contract under ASC Topic 815)

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by risk exposure in Schedule HC-L, first by type of contract in Schedule HC-L, item 11, and then by purpose of contract (i.e., trading, other than trading) in Schedule HC-L, items 12 and 13. Bank holding companies must then report the gross fair values of their derivatives, both positive and negative, by risk exposure and purpose of contract in Schedule HC-L, item 14. However, these items exclude credit derivatives, the notional amounts and gross fair values of which must be reported in Schedule HC-L, item 7.

**Discounts:** See “Premiums and discounts.”

**Dividends:** *Cash dividends* are payments of cash to stockholders in proportion to the number of shares they own. Cash dividends on preferred and common stock are to be reported on the date they are declared by the bank holding company’s board of directors (the declaration date) by debiting “retained earnings” and crediting “dividends declared not yet payable,” which is to be reported in other liabilities. Upon payment of the dividend, “dividends declared not yet payable” is debited for the amount of the cash dividend with an offsetting credit, normally in an equal amount, to “dividend checks outstanding” which is reportable in the “official checks” category of the consolidated bank holding company’s deposit liabilities.

A liability for dividends payable may not be accrued in advance of the formal declaration of a dividend by the board of directors. However, the bank holding company may segregate a portion of retained earnings in the form of a capital reserve in anticipation of the declaration of a dividend.

*Stock dividends* are distributions of additional shares to stockholders in proportion to the number of shares they own. Stock dividends are to be reported by transferring an amount equal to the fair value of the additional shares issued from retained earnings to a category of permanent capitalization (common stock and surplus). However, the amount of any mandatory and discretionary transfers must be reduced by the amount of any mandatory and discretionary transfers previously made (such as those from retained earnings to surplus for increasing the bank holding company’s legal lending limit) provided such transfers have not already been used to record a stock dividend. In any event, the amount transferred from retained earnings may not be less than the par or stated value of the additional shares being issued.

*Property dividends*, also known as dividends in kind, are distributions to stockholders of assets other than cash. The transfer of securities of other companies, real property, or any other asset owned by the reporting bank holding company to a stockholder or related party is to be recorded at the fair value of the asset on the declaration date of the dividend. A gain or loss on the transferred asset must be recognized in the same manner as if the property had been disposed of in an outright sale at or near the declaration date.

**Domestic Office:** For purposes of these reports, a domestic office of the reporting bank holding company is a branch or consolidated subsidiary (other than an Edge or Agreement subsidiary) located in the 50 states of the United States or the District of Columbia or a branch on a U.S. military facility wherever located. However, if the reporting bank holding company is chartered and headquartered in Puerto Rico or a U.S. territory or possession, a branch or consolidated subsidiary located in the 50 states of the United States, the District of Columbia, Puerto Rico, or a U.S. territory or possession is a domestic office. The domestic offices of the reporting bank holding company exclude all International Banking Facilities (IBFs); all offices of Edge and Agreement subsidiaries, including their U.S. offices; and all branches and other consolidated subsidiaries of the bank holding company located in foreign countries.

**Domicile:** Domicile is used to determine the foreign (non-U.S. addressee) or domestic (U.S. addressee) location of a customer of the reporting bank holding company for the purposes of these reports. Domicile is determined by the principal residence address of an individual or the principal business address of a corporation, partnership, or sole proprietorship. If other addresses are used for correspondence or other purposes, only the principal address, insofar as it is known to the reporting bank holding company, should be used in determining whether a customer should be regarded as a U.S. or non-U.S. addressee.

For purposes of defining customers of the reporting bank holding company, U.S. addressees include residents of the 50 states of the United States, the District of Columbia, Puerto Rico, and U.S. territories and possessions. The term U.S. addressee generally includes U.S.-based subsidiaries of foreign banks and U.S. branches and agencies of foreign banks. Non-U.S. addressees include residents of any foreign country. The term non-U.S. addressee generally

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includes foreign-based subsidiaries of other U.S. banks and bank holding companies.

For customer identification purposes, the IBFs of other U.S. depository institutions are U.S. addressees. (This is in contrast to the treatment of the IBFs of a subsidiary bank which are treated as foreign offices of the bank.)

**Due Bills:** A due bill is an obligation that results when a bank holding company or its subsidiaries sell an asset and receives payment, but does not deliver the security or other asset. A due bill can also result from a promise to deliver an asset in exchange for value received. In both cases, the receipt of the payment creates an obligation regardless of whether the due bill is issued in written form. Outstanding due bill obligations shall be reported as borrowings in Schedule HC, item 16, “Other borrowed money,” by the issuing bank holding company. Conversely, when the reporting bank holding company or its consolidated subsidiaries are the holders of a due bill, the outstanding due bill obligation of the seller shall be reported as a loan to that party.

**Edge and Agreement Corporation:** An Edge corporation is a federally-chartered corporation organized under Section 25(a) of the Federal Reserve Act and subject to Federal Reserve Regulation K. Edge corporations are allowed to engage only in international banking or other financial transactions related to international business. An Agreement corporation is a state-chartered corporation that has agreed to operate as if it were organized under Section 25 of the Federal Reserve Act and has agreed to be subject to Federal Reserve Regulation K. Agreement corporations are restricted, in general, to international banking operations. Banks must apply to the Federal Reserve for permission to acquire stock in an Agreement corporation.

An Edge or Agreement subsidiary of the consolidated bank holding company, i.e., the majority-owned Edge or Agreement corporation of the consolidated bank holding company, is treated for purposes of these reports as a “foreign” office of the reporting bank holding company.

**Equity-Indexed Certificates of Deposit:** Under ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended), a certificate of deposit that pays “interest” based on changes in an equity securities index is a hybrid instrument with an embedded derivative that must be accounted for separately from the host contract, i.e., the certificate of

deposit. For further information, see the Glossary entry for “Derivative Contracts.” Examples of equity-indexed certificates of deposit include the “Index Powered CD” and the “Dow Jones Industrials Indexed Certificate of Deposit.”

At the maturity date of a typical equity-indexed certificate of deposit, the holder of the certificate of deposit receives the original amount invested in the deposit plus some or all of the appreciation, if any, in an index of stock prices over the term of the certificate of deposit. Thus, the equity-indexed certificate of deposit contains an embedded equity call option. To manage the market risk of its equity indexed certificates of deposit, an institution that issues these deposits normally enters into one or more separate freestanding equity derivative contracts with an overall term that matches the term of the certificates of deposit. At maturity, these separate derivatives are expected to provide the institution with a cash payment in an amount equal to the amount of appreciation, if any, in the same stock price index that is embedded in the certificates of deposit, thereby providing the institution with the funds to pay the “interest” on the equity-indexed certificates of deposit. During the term of the separate freestanding equity derivative contracts, the institution will periodically make either fixed or variable payments to the counterparty on these contracts.

When an institution issues an equity-indexed certificate of deposit, it must either account for the written equity call option embedded in the deposit separately from the certificate of deposit host contract or irrevocably elect to account for the hybrid instrument (the equity-indexed certificate of deposit) in its entirety at fair value.

- If the institution accounts for the written equity call option separately from the certificate of deposit, the fair value of this embedded derivative on the date the certificate of deposit is issued must be deducted from the amount the purchaser invested in the deposit, creating a discount on the certificate of deposit that must be amortized to interest expense over the term of the deposit using the effective interest method. This interest expense should be reported in the income statement in the appropriate subitem of Schedule HI, item 2(a), “Interest on deposits.” The equity call option must be “marked to market” at least quarterly with any changes in the fair value of the option recognized in earnings. On the balance sheet, the carrying value of the certificate of deposit host contract

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and the fair value of the embedded equity derivative may be combined and reported together as a deposit liability on the balance sheet (Schedule HC) and in the deposit schedule (Schedule HC-E).

- If the institution elects to account for the equity-indexed certificate of deposit in its entirety at fair value, no discount is to be recorded on the certificate of deposit. Rather, the equity-indexed certificate of deposit must be “marked to market” at least quarterly, with changes in the instrument’s fair value reported in the income statement consistently in either item 5(l), “Other noninterest income,” or item 7(d), “Other noninterest expense”, excluding interest expense incurred that is reported in the appropriate subitem of Schedule HI, item 2(a), “Interest on deposits.”

As for the separate freestanding derivative contracts the institution enters into to manage its market risk, these derivatives must be carried on the balance sheet as assets or liabilities at fair value and “marked to market” at least quarterly with changes in their fair value recognized in earnings. The fair value of the freestanding derivatives should not be netted against the fair value of the embedded equity derivatives for balance sheet purposes because these two derivatives have different counterparties. The periodic payments to the counterparty on these freestanding derivatives must be accrued with the expense reported in earnings along with the change in the derivative’s fair value. In the income statement (Schedule HI), the changes in the fair value of the embedded and freestanding derivatives, including the effect of the accruals for the payments to the counterparty on the freestanding derivatives, should be netted and reported consistently in either item 5(l), “Other noninterest income,” or item 7(d), “Other noninterest expense.”

Unless the institution elects to account for the equity-indexed certificate of deposit in its entirety at fair value, the notional amount of the embedded equity call option must be reported in Schedule HC-L, item 11(d)(1), column C, and item 13, column C, and its fair value (which will always be negative or zero, but not positive) must be reported in Schedule HC-L, item 14(b)(2), column C. The notional amount of the freestanding equity derivative must be reported in the appropriate subitem of Schedule HC-L, item 11, column C (e.g., item 11(e), column C, if it is an equity swap), and in Schedule HC-L, item 13, column C. The fair value of the freestanding equity derivative must be included in the appropriate subitem of

Schedule HC-L, item 14(b), column C. The equity derivative embedded in the equity-indexed certificate of deposit is a written option, which is not covered by the Federal Reserve’s risk-based capital standards. However, the freestanding equity derivative is covered by these standards.

An institution that purchases an equity-indexed certificate of deposit for investment purposes must either account for the embedded purchased equity call option separately from the certificate of deposit host contract or irrevocably elect to account for the hybrid instrument (the equity-indexed certificate of deposit) in its entirety at fair value.

- If the institution accounts for the purchased equity call option separately from the certificate of deposit, the fair value of this embedded derivative on the date of purchase must be deducted from the purchase price of the certificate, creating a discount on the deposit that must be accreted into income over the term of the deposit using the effective interest method. This accretion should be reported in the income statement in Schedule HI, item 1(c). The embedded equity derivative must be “marked to market” at least quarterly with any changes in its fair value recognized in earnings. These fair value changes should be reported consistently in Schedule HI in either item 5(l), “Other noninterest income,” or item 7(d), “Other noninterest expense.” The carrying value of the certificate of deposit host contract and the fair value of the embedded equity derivative may be combined and reported together as interest-bearing balances due from other depository institutions on the balance sheet in Schedule HC, item 1(b).
- If the institution elects to account for the equity-indexed certificate of deposit in its entirety at fair value, no discount is to be recorded on the certificate of deposit. Rather, the equity-indexed certificate of deposit must be “marked to market” at least quarterly, with changes in the instrument’s fair value reported in the income statement consistently in either item 5(l), “Other noninterest income,” or item 7(d), “Other noninterest expense,” excluding interest income that is reported in Schedule HI, item 1(c).

Unless the institution elects to account for the equity-indexed certificate of deposit in its entirety at fair value, the notional amount of the embedded derivative must be reported in Schedule HC-L, item 11(d)(2), column C, and item 13, column C, and its fair value (which will always

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be positive or zero, but not negative) must be reported in Schedule HC-L, item 14(b)(1), column C. The embedded equity derivative in the equity-indexed certificate of deposit is a purchased option, which is subject to the Federal Reserve's risk-based capital standards unless the fair value election has been made.

**Equity Method of Accounting:** The equity method of accounting shall be used to account for:

- (1) Investments in subsidiaries that have not been consolidated; associated companies; and corporate joint ventures, unincorporated joint ventures, and general partnerships over which the bank holding company exercises significant influence; and
- (2) Noncontrolling investments in:
  - (a) Limited partnerships; and
  - (b) Limited liability companies that maintain "specific ownership accounts" for each investor and are within the scope of ASC Subtopic 323-30, Investments-Equity Method and Joint Ventures – Partnerships, Joint Ventures, and Limited Liability Entities (formerly EITF Issue No. 03-16, *Accounting for Investments in Limited Liability Companies*)

unless the investment in the limited partnership or limited liability company is so minor that the limited partner or investor may have virtually no influence over the operating and financial policies of the partnership or company. Consistent with guidance in ASC Subtopic 323-30, Investments-Equity Method and Joint Ventures – Partnerships, Joint Ventures, and Limited Liability Entities (formerly EITF Topic D-46, *Accounting for Limited Partnership Interests*), noncontrolling investments of 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 bank holding company's investment in an investee is originally recorded at cost but is adjusted periodically to record as income the bank 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 bank 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, item 34, "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, item 34, "Cash and balances due from depository institutions."

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**Extinguishments 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 bank 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 bank 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 bank holding company's reacquiring its outstanding debt.
- (2) The bank 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"), bank holding companies should aggregate their gains and losses from the extinguishment of liabilities (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 bank holding company's debt extinguishments normally result in net gains over time should the bank holding company consistently report its net gains (losses) in Schedule HI, item 5(l), "Other noninterest income."

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 modifi-

cation 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 bank holding companies. An event or transaction which is beyond bank 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 bank 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 bank 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.

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**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 bank 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 substantially the full term of the asset or liability. Depending on the specific factors related to an asset or a liability, certain adjustments to Level 2 inputs may be necessary to determine the fair value of the asset or liability. If those adjustments are significant to the asset or liability's fair value in its entirety, the adjustments may render the fair value measurement to a Level 3 measurement.

Level 3 fair value measurement inputs are unobservable inputs for the asset or liability. Although these inputs

may not be readily observable in the market, the fair value measurement objective is, nonetheless, to develop an exit price for the asset or liability from the perspective of a market participant. Therefore, Level 3 fair value measurement inputs should reflect the bank holding company's own assumptions about the assumptions that a market participant would use in pricing an asset or liability and should be based on the best information available in the circumstances.

Refer to ASC Topic 820 for additional fair value measurement guidance, including considerations related to holding large positions (blocks), the existence of multiple active markets, and the use of practical expedients.

*Measurement of Fair Values in Stressed Market Conditions*—The measurement of various assets and liabilities on the balance sheet - including trading assets and liabilities, available-for-sale securities, loans held for sale, assets and liabilities accounted for under the fair value option, and foreclosed assets - involves the use of fair values. During periods of market stress, the fair values of some financial instruments and nonfinancial assets may be difficult to determine. Institutions are reminded that, under such conditions, fair value measurements should be determined consistent with the objective of fair value set forth in ASC Topic 820.

ASC Topic 820 provides guidance on determining fair value when the volume and level of activity for an asset or liability have significantly decreased when compared with normal market activity for the asset or liability (or similar assets or liabilities). According to ASC Topic 820, if there has been such a significant decrease, transactions or quoted prices may not be determinative of fair value because, for example, there may be increased instances of transactions that are not orderly. In those circumstances, further analysis of transactions or quoted prices is needed, and a significant adjustment to the transactions or quoted prices may be necessary to estimate fair value in accordance with ASC Topic 820.

**Federal Funds Transactions:** For purposes of the FR Y-9C, federal funds transactions involve the lending (federal funds sold) or borrowing (federal funds purchased) in domestic offices of *immediately available funds* under agreements or contracts that *have an original maturity of one business day or roll over under a continuing contract*. However, funds lent or borrowed in the form of securities resale or repurchase agreements, due bills, borrowings from the Discount and Credit Department of

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a Federal Reserve Bank, deposits with and advances from a Federal Home Loan Bank, and overnight loans for commercial and industrial purposes are excluded from federal funds. Transactions that are to be reported as federal funds transactions may be secured or unsecured or may involve an agreement to resell loans or other instruments that are not securities.

*Immediately available funds* are funds that the purchasing bank holding company can either use or dispose of on the same business day that the transaction giving rise to the receipt or disposal of the funds is executed.

The borrowing and lending of immediately available funds *have an original maturity of one business day* if the funds borrowed on one business day are to be repaid or the transaction reversed on the next business day, that is, if immediately available funds borrowed today are to be repaid tomorrow (in tomorrow's immediately available funds). Such transactions include those made on a Friday to mature or be reversed the following Monday and those made on the last business day prior to a holiday (for either or both of the parties to the transaction) to mature or be reversed on the first business day following the holiday.

A *continuing contract* is a contract or agreement that remains in effect for more than one business day but has no specified maturity and does not require advance notice of either party to terminate. Such contracts may also be known as rollovers or as open-ended agreements.

Federal funds may take the form of the following two types of transactions in domestic offices provided that the transactions meet the above criteria (i.e., immediately available funds with an original maturity of one business day or under a continuing contract):

- (1) Unsecured loans (federal funds sold) or borrowings (federal funds purchased). (In some market usage, the term "fed funds" or "pure fed funds" is confined to unsecured loans of immediately available balances.)
- (2) Purchases (sales) of financial assets (other than securities) under agreements to resell (repurchase) that have original maturities of one business day (or are under continuing contracts) *and* are in immediately available funds.

Any borrowing or lending of immediately available funds in domestic offices that has an original maturity of more than one business day, other than security repur-

chase or resale agreements, is to be treated as a borrowing or as a loan, *not* as federal funds. Such transactions are sometimes referred to as "term federal funds."

**Federally-Sponsored Lending Agency:** A federally-sponsored lending agency is an agency or corporation that has been chartered, authorized, or organized as a result of federal legislation for the purpose of providing credit services to a designated sector of the economy. These agencies include Banks for Cooperatives, Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, Federal Intermediate Credit Banks, Federal Land Banks, the Federal National Mortgage Association, and the Student Loan Marketing Association.

**Fees, Loan:** See "Loan fees."

**Foreclosed Assets:** The accounting and reporting standards for foreclosed assets are set forth in ASC Subtopic 310-40, Receivables – Troubled Debt Restructurings by Creditors (formerly FASB Statement No. 15 *Accounting by Debtors and Creditors for Troubled Debt Restructurings*), and ASC Topic 360, Property, Plant, and Equipment (formerly FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*). Subsequent to the issuance of FASB Statement No. 144, AICPA Statement of Position (SOP) No. 92-3, *Accounting for Foreclosed Assets* was rescinded. Certain provisions of SOP 92-3 are not present in FASB Statement No. 144, but the application of these provisions represents prevalent practice in the banking industry and is consistent with safe and sound banking practices. These provisions of SOP 92-3 have been incorporated into this Glossary entry, which bank holding companies must follow for purposes of preparing their FR Y-9C reports.

A bank holding company that receives from a borrower in full satisfaction of a loan either receivables from a third party, an equity interest in the borrower, or another type of asset (except a long-lived asset that will be sold) shall initially measure the asset received at its fair value at the time of the restructuring. When a bank holding company receives a long-lived asset, such as real estate, from a borrower in full satisfaction of a loan, the long-lived asset is rebuttably presumed to be held for sale and the bank holding company shall initially measure this asset at its fair value less cost to sell. The fair value (less cost to sell, if applicable) of the asset received in full

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satisfaction of the loan<sup>8</sup> becomes the “cost” of the asset. The amount, if any, by which the recorded amount of the loan exceeds the fair value (less cost to sell, if applicable) of the asset is a loss which must be charged to the allowance for loan and lease losses at the time of restructuring, foreclosure, or repossession. In those cases where property is received in full satisfaction of an asset other than a loan (e.g., a debt security), the loss should be reported on the income statement in a manner consistent with the balance sheet classification of the asset satisfied.

If an asset is sold shortly after it is received in a restructuring, foreclosure, or repossession, it would generally be appropriate to substitute the value received in the sale (net of the cost to sell for a long-lived asset, such as real estate, that has been sold) for the fair value (less cost to sell for a long-lived asset, such as real estate, that will be sold) that had been estimated at the time of restructuring, foreclosure, or repossession. Any adjustments should be made to the loss charged against the allowance.

An asset received in partial satisfaction of a loan should be initially measured as described above and the recorded amount of the loan should be reduced by the fair value (less cost to sell, if applicable) of the asset at the time of restructuring, foreclosure, or repossession.

The measurement and accounting subsequent to acquisition for real estate received in full or partial satisfaction of a loan, including through foreclosure or repossession, is discussed below in this Glossary entry. For other types of assets that a bank holding company receives in full or partial satisfaction of a loan, the bank holding company generally should subsequently measure and account for such assets in accordance with other applicable generally accepted accounting principles and regulatory reporting instructions for such assets.

For purposes of this report, foreclosed assets include loans where the bank holding company, as creditor, has received physical possession of a borrower’s assets, regardless of whether formal foreclosure proceedings take place. In such situations, the secured loan should be recategorized on the balance sheet in the asset category appropriate to the underlying collateral (e.g., as other real

estate owned for real estate collateral) and accounted for as described above.

The amount of any senior debt (principal and accrued interest) to which foreclosed real estate is subject at the time of foreclosure must be reported as a liability in Schedule HC, items 16, “Other borrowed money.”

After foreclosure, each foreclosed real estate asset (including any real estate for which the bank holding company receives physical possession, regardless of whether formal foreclosure proceedings take place) must be carried at the lower of (1) the fair value of the asset minus the estimated costs to sell the asset or (2) the cost of the asset (as defined in the preceding paragraphs). This determination must be made on an asset-by-asset basis. If the fair value of a foreclosed real estate asset minus the estimated costs to sell the asset is less than the asset’s cost, the deficiency must be recognized as a valuation allowance against the asset which is created through a charge to expense. The valuation allowance should thereafter be increased or decreased (but not below zero) through charges or credits to expense for changes in the asset’s fair value or estimated selling costs.

If a foreclosed real estate asset is held for more than a short period of time, any declines in value after foreclosure and any gain or loss from the sale or disposition of the asset shall *not* be reported as a loan or lease loss or recovery and shall *not* be debited or credited to the allowance for loan and lease losses. Such additional declines in value and the gain or loss from the sale or disposition shall be reported net on the income statement (Schedule HI) as “other noninterest income” or “other noninterest expense.”

*Dispositions of Foreclosed Real Estate*—The primary accounting guidance for sales of foreclosed real estate is ASC Subtopic 360-20, Property, Plant, and Equipment – Real Estate Sales (formerly FASB Statement No. 66, *Accounting for Sales of Real Estate*). This standard, which applies to all transactions in which the seller provides financing to the buyer of the real estate, establishes the following methods to account for dispositions of real estate. If a profit is involved in the sale of real estate, each method sets forth the manner in which the profit is to be recognized. Regardless of which method is used, however, any losses on the disposition of real estate should be recognized immediately.

*Full Accrual Method*—Under the full accrual method, the disposition is recorded as a sale. Any profit resulting

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8. The recorded amount of the loan is the loan balance adjusted for any unamortized premium or discount and unamortized loan fees or costs, less any amount previously charged off, plus recorded accrued interest.

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from the sale is recognized in full and the asset resulting from the seller's financing of the transaction is reported as a loan. This method may be used when the following conditions have been met:

- (1) A sale has been consummated;
- (2) The buyer's initial investment (down payment) and continuing investment (periodic payments) are adequate to demonstrate a commitment to pay for the property;
- (3) The receivable is not subject to future subordination; and
- (4) The usual risks and rewards of ownership have been transferred.

Guidelines for the minimum down payment that must be made in order for a transaction to qualify for the full accrual method are set forth in the Appendix A to ASC Subtopic 360-20. These vary from five percent to 25 percent of the property's sales value. These guideline percentages vary by type of property and are primarily based on the inherent risk assumed for the types and characteristics of the property. To meet the continuing investment criteria, the contractual loan payments must be sufficient to repay the loans over the customary loan term for the type of property involved. Such periods may range up to 30 years for loans on single family residential property.

*Installment Method*—Dispositions of foreclosed real estate that do not qualify for the full accrual method may qualify for the installment method. This method recognizes a sale and the corresponding loan. Any profits on the sale are only recognized as the bank holding company receives payments from the purchaser/borrower. Interest income is recognized on an accrual basis, when appropriate.

The installment method is used when the buyer's down payment is not adequate to allow use of the full accrual method but recovery of the cost of the property is reasonably assured if the buyer defaults. Assurance of recovery requires careful judgment on a case-by-case basis. Factors which should be considered include: the size of the down payment, loan-to-value ratios, projected cash flows from the property, recourse provisions, and guarantees.

Since default on the loan usually results in the seller's reacquisition of the real estate, reasonable assurance of cost recovery may often be achieved with a relatively small down payment. This is especially true in situations

involving loans with recourse to borrowers who have verifiable net worth, liquid assets, and income levels. Reasonable assurance of cost recovery may also be achieved when the purchaser/borrower pledges additional collateral.

*Cost Recovery Method*—Dispositions of foreclosed real estate that do not qualify for either the full accrual or installment methods are sometimes accounted for using the cost recovery method. This method recognizes a sale and the corresponding loans but all income recognition is deferred. Principal payments are applied as a reduction of the loan balance and interest increases the unrecognized gross profit. No profit or interest income is recognized until either the aggregate payments by the borrower exceed the recorded amount of the loan or a change to another accounting method is appropriate (e.g., installment method). Consequently, the loan is maintained in nonaccrual status while this method is being used.

*Reduced-Profit Method*—This method is used in certain situations where the bank holding company receives an adequate down payment, but the loan amortization schedule does not meet the requirements for use of the full accrual method. The method recognizes a sale and the corresponding loan. However, like the installment method, any profit is apportioned over the life of the loan as payments are received. The method of apportionment differs from the installment method in that profit recognition is based on the present value of the lowest level of periodic payments required under the loan agreement.

Since sales with adequate down payments are generally not structured with inadequate loan amortization requirements, this method is seldom used in practice.

*Deposit Method*—The deposit method is used in situations where a sale of the foreclosed real estate has not been consummated. It may also be used for dispositions that could be accounted for under the cost recovery method. Under this method a sale is not recorded and the asset continues to be reported as foreclosed real estate. Further, no profit or interest income is recognized. Payments received from the borrower are reported as a liability until sufficient payments or other events have occurred which allow the use of one of the other methods.

The preceding discussion represents a brief summary of the methods included in ASC Subtopic 360-20 for accounting for sales of real estate. Refer to ASC Subtopic 360-20 for a more complete description of the accounting

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principles that apply to sales of real estate, including the determination of the down payment percentage.

**Foreign Banks:** See “Banks, U.S. and foreign.”

**Foreign Central Banks:** The term “foreign central banks” covers: central banks in foreign countries; departments of foreign central governments that have, as an important part of their functions, activities similar to those of a central bank; nationalized banks and banking institutions owned by central governments that have, as an important part of their functions, activities similar to those of a central bank; and the Bank for International Settlements (BIS).

**Foreign Currency Transactions and Translation:** *Foreign currency transactions* are transactions occurring in the ordinary course of business (e.g., purchases, sales, borrowings, lendings, forward exchange contracts) denominated in currencies other than the office’s functional currency (as described below).

*Foreign currency translation*, on the other hand, is the process of translating financial statements from the foreign office’s functional currency into the reporting currency. Such translation normally is performed only at reporting dates.

A *functional currency* is the currency of the primary economic environment in which an office operates. For most consolidated bank holding companies, the functional currency will be the U.S. dollar. However, if a consolidated bank holding company has foreign offices, one or more foreign offices may have a functional currency other than the U.S. dollar.

*Accounting for foreign currency transactions*—A change in exchange rates between the functional currency and the currency in which a transaction is denominated will increase or decrease the amount of the functional currency expected to be received or paid. These increases or decreases in the expected functional currency cash flow are to be reported as foreign currency transaction gains and losses and are to be included in the determination of the income of the period in which the transaction takes place, or if the transaction has not yet settled, the period in which the rate change takes place.

Except for foreign currency derivatives and transactions described in the following section, bank holding companies should consistently report net gains (losses) from foreign currency transactions other than trading transactions in Schedule HI, item 5(l), “Other noninterest

income,” or item 7(d), “Other noninterest expense.” Net gains (losses) from foreign currency trading transactions should be reported in Schedule HI, item 5(c), “Trading revenue.”

*Foreign currency transaction gains or losses to be excluded from the determination of net income*—Gains and losses on the following foreign currency transactions shall not be included in “Noninterest income” or “Non-interest expense,” but shall be reported in the same manner as translation adjustments (as described below):

- (1) Foreign currency transactions that are designated as, and are effective as, economic hedges of a net investment in a foreign office.
- (2) Intercompany foreign currency transactions that are of a long-term investment nature (i.e., settlement is not planned or anticipated in the foreseeable future), when the parties to the transaction are consolidated, combined, or accounted for by the equity method in the bank holding company’s FR Y-9C.

In addition, the entire change in the fair value of foreign-currency-denominated available-for-sale debt securities should not be included in “Realized gains (losses) on available-for-sale debt securities” (Schedule HI, item 6(b)), but should be reported in Schedule HI-A, item 12, “Other comprehensive income.” These fair value changes should be accumulated in the “Net unrealized holding gains (losses) on available-for-sale securities” component of “Accumulated other comprehensive income” in Schedule HC, item 26(b). However, if a decline in fair value of a foreign-currency-denominated available-for-sale debt security is judged to be other than temporary, the cost basis of the individual security shall be written down to fair value as a new cost basis and the amount of the write-down shall be included in earnings (Schedule HI, item 6(b)).

See the Glossary entry for “derivative contracts” for information on the accounting and reporting for foreign currency derivatives.

*Accounting for foreign currency translation (applicable only to bank holding companies with foreign offices)*—The FR Y-9C must be reported in U.S. dollars. Balances of foreign subsidiaries or branches of the reporting bank holding company denominated in a functional currency other than U.S. dollars shall be converted to U.S. dollar equivalents and consolidated into the reporting bank

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holding company's FR Y-9C. The translation adjustments for each reporting period, determined utilizing the current rate method, may be reported in "Other comprehensive income" in Schedule HI-A of the Report of Income for Bank Holding Companies. Amounts accumulated in the "Accumulated other comprehensive income" component of equity capital in Schedule HC will not be included in the bank holding company's results of operations until such time as the foreign office is disposed of, when they will be used as an element to determine the gain or loss on disposition.

For further guidance, refer to ASC Topic 830, Foreign Currency Matters (formerly FASB Statement No. 52, *Foreign Currency Translation*).

**Foreign Debt Exchange Transactions:** Foreign debt exchange transactions generally fall into three categories: (1) loan swaps, (2) debt/equity swaps, and (3) debt-for-development swaps. These transactions are to be reported in the FR Y-9C in accordance with generally accepted accounting principles as summarized below. The accounting pronouncements mentioned below should be consulted for more detailed reporting guidance in these areas.

Generally accepted accounting principles require that these transactions be reported at their fair value. There is a significant amount of precedent in the accounting for exchange transactions to consider both the fair value of the consideration given up as well as the fair value of the assets received in arriving at the most informed valuation, especially if the value of the consideration given up is not readily determinable or may not be a good indicator of the value received. It is the responsibility of management to make the valuation considering all of the circumstances. Such valuations are subject to examiner review.

Among the factors to consider in determining fair values for foreign debt exchange transactions are:

- (1) Similar transactions for cash;
- (2) Estimated cash flows from the debt or equity instruments or other assets received;
- (3) Market values, if any, of similar instruments; and
- (4) Currency restrictions, if any, affecting payments on or sales of the debt or equity instruments, local currency, or other assets received, including where appropriate those affecting the repatriation of capital.

Losses arise from swap transactions when the fair value determined for the transaction is less than the recorded investment in the sovereign debt and other consideration paid, if any. Such losses should generally be charged to the allowance for loan and lease losses (or allocated transfer risk reserve, if appropriate) and must include any discounts from official exchange rates that are imposed by sovereign obligors as transaction fees. All other fees and transaction costs involved in such transactions must be charged to expense as incurred.

Loss recoveries or even gains might be indicated in a swap transaction as a result of the valuation process. However, due to the subjective nature of the valuation process, such loss recoveries or gains ordinarily should not be recorded until the debt or equity instruments, local currency, or other assets received in the exchange transaction are realized in unrestricted cash or cash equivalents.

*Loan swaps*—Foreign loan swaps, or debt/debt swaps, involve the exchange of one foreign loan for another. This type of transaction represents an exchange of monetary assets that must be reported at current fair value. Normally, when monetary assets are exchanged, with or without additional cash payments, and the parties have no remaining obligations to each other, the earnings process is complete.

*Debt/equity swaps*—The reporting treatment for this type of transaction is presented in the ASC Subtopic 942-310, Financial Services-Depository and Lending – Receivables (formerly AICPA Practice Bulletin No. 4, *Accounting for Foreign Debt/Equity Swaps*).

A foreign debt/equity swap represents an exchange of monetary for nonmonetary assets that must be measured at fair value. This type of swap is typically accomplished when holders of U.S. dollar-denominated sovereign debt agree to convert that debt into approved local equity investments. The holders are generally credited with local currency at the official exchange rate. A discount from the official exchange rate is often imposed as a transaction fee. The local currency is generally not available to the holders for any purposes other than approved equity investments. Restrictions may be placed on dividends on the equity investments and capital usually cannot be repatriated for several years.

In arriving at the fair value of the transaction, both the secondary market price of the debt given up and the fair

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value of the equity investment or assets received should be considered.

*Debt-for-development swaps*—In this type of exchange, sovereign debt held by a bank holding company is generally purchased by a nonprofit organization or contributed to the nonprofit the nonprofit organization. When the sovereign debt is purchased by or donated to a nonprofit organization, the organization may enter into an agreement with the debtor country to cancel the debt in return for the country’s commitment to provide local currency or other assets for use in connection with specific projects or programs in that country. Alternatively, a bank holding company may exchange the sovereign debt with the country and receive local currency. In this alternative, the local currency will be donated or sold to the nonprofit organization for use in connection with specific projects or programs in that country.

These transactions, including amounts charged to expense as donations, must be reported at their fair values in accordance with generally accepted accounting principles applicable to foreign debt exchange transactions. This includes appropriate consideration of the market value of the instruments involved in the transaction and the fair value of any assets received, taking into account any restrictions that would limit the use of the assets. In debt-for-development swaps where a bank holding company receives local currency in exchange for the sovereign loan it held and the local currency has no restrictions on its use and is freely convertible, it is generally appropriate for fair value to be determined by valuing the local currency received at its fair market exchange value.

**Foreign Governments and Official Institutions:** Foreign governments and official institutions are central, state, provincial, and local governments in foreign countries and their ministries, departments, and agencies. These include treasuries, ministries of finance, central banks, development banks, exchange control offices, stabilization funds, diplomatic establishments, fiscal agents, and nationalized banks and other banking institutions that are owned by central governments and that have as an important part of their function activities similar to those of a treasury, central bank, exchange control office, or stabilization fund. For purposes of these reports, other government-owned enterprises are not included.

Also included as foreign official institutions are international, regional, and treaty organizations, such as the International Monetary Fund, the International Bank

for Reconstruction and Development (World Bank), the Bank for International Settlements, the Inter-American Development Bank, and the United Nations.

**Foreign Office:** For purposes of these reports, a foreign office of the reporting bank holding company is a branch or consolidated subsidiary located in a foreign country; an Edge or Agreement subsidiary, including both its U.S. and its foreign offices; or an IBF. In addition, if the reporting bank holding company is chartered and headquartered in the 50 states of the United States and the District of Columbia, a branch or consolidated subsidiary located in Puerto Rico or a U.S. territory or possession is a foreign office. Branches of bank subsidiaries on U.S. military facilities wherever located are treated as domestic offices, not foreign offices.

**Forward Contract:** See “Futures, forward, and standby contracts.”

**Functional Currency:** See “Foreign currency transactions and translation.”

**Futures, Forward, and Standby Contracts:** Futures and forward contracts are commitments for delayed delivery of financial instruments or commodities in which the buyer agrees to purchase and the seller agrees to make delivery, at a specified future date, of a specified instrument at a specified price or yield.

Futures contracts are standardized and are traded on organized exchanges. Exchanges in the U.S. are registered with and regulated by the Commodity Futures Trading Commission. Forward contracts are traded over the counter and their terms are not standardized. Such contracts can only be terminated, other than by receipt of the underlying financial instrument or commodity, by agreement of both buyer and seller. Standby contracts and other option arrangements are optional forward contracts. The buyer of such a contract has, for compensation (such as a fee or premium), acquired the right (or option) to sell to, or purchase from, another party some financial instrument or commodity at a stated price on a specified future date. The seller of the contract has, for such compensation, become obligated to purchase or sell the financial instrument or commodity at the option of the buyer of the contract. Such contracts may relate to purchases or sales of securities, money market instruments, or futures contracts.

A standby contract or put option is an optional delivery forward placement contract. It obligates the seller of the

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contract to purchase some financial instrument at the option of the buyer of the contract.

A call option is an optional forward purchase contract. It obligates the seller of the contract to sell some financial instrument at the option of the buyer of the contract.

*FR Y-9C treatment of open contracts*—Contracts are outstanding (i.e., open) until they have been terminated by acquisition or delivery of the underlying financial instruments or, for futures contracts, by offset, or, for standby contracts and other option arrangements, by expiring unexercised. (“Offset” is the purchase and sale of an equal number of futures contracts on the same underlying instrument for the same delivery month executed through the same broker or dealer and executed on the same exchange.)

The reporting of these contracts should follow the accounting outlined in ASC Topic 815, Derivatives and Hedging (formerly FAS 133) and disclosed in Schedule HC-L.

**Goodwill:** See “Purchase acquisition” in the entry for “business combinations.”

**Hypothecated Deposit:** A hypothecated deposit is the aggregation of periodic payments on an installment contract received by a reporting institution in a state in which, under law, such payments are not immediately used to reduce the unpaid balance of the installment note, but are accumulated until the sum of the payments equals the entire amount of principal and interest on the contract, at which time the loan is considered paid in full. For purposes of these reports, hypothecated deposits are to be netted against the related loans. Deposits which simply serve as collateral for loans are not considered hypothecated deposits for purposes of these reports.

See also: “Deposits.”

**IBF:** See “International Banking Facility (IBF).”

**Income Taxes:** All bank holding companies, regardless of size, are required to report income taxes (federal, state and local, and foreign) in the FR Y-9C on an accrual basis. Note that, in almost all cases, applicable income taxes as reported in Schedule HI on the Report of Income for Bank Holding Companies *will differ* from amounts reported to taxing authorities. The applicable income tax expense or benefit that is reflected in the Report of Income for Bank Holding Companies should include both taxes currently paid or payable (or receivable) and

deferred income taxes. The following discussion of income taxes is based on ASC Topic 740, Income Taxes (formerly FASB Statement No. 109, *Accounting for Income Taxes*, and FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*).

Applicable income taxes in the year-end Report of Income for Bank Holding Companies shall be the sum of the following:

- (1) Taxes currently paid or payable (or receivable) for the year determined from the bank holding company’s federal, state, and local income tax returns for that year. Since the bank holding company’s tax returns will not normally be prepared until after the year-end FR Y-9C has been completed, the bank holding company must estimate the amount of the current income tax liability (or receivable) that will ultimately be reported on its tax returns. Estimation of this liability (or receivable) may involve consultation with the bank holding company’s tax advisers, a review of the previous year’s tax returns, the identification of significant expected differences between items of income and expense reflected on the Report of Income for Bank Holding Companies and on the tax returns, and the identification of expected tax credits.)

and

- (2) Deferred income tax expense or benefit measured as the change in the net deferred tax assets or liabilities for the period reported. Deferred tax liabilities and assets represent the amount by which taxes payable (or receivable) are expected to increase or decrease in the future as a result of “temporary differences” and net operating loss or tax credit carryforwards that exist at the reporting date.

The actual tax liability (or receivable) calculated on the bank holding company’s tax returns may differ from the estimate reported as currently payable or receivable on the year-end Report of Income for Bank Holding Companies. An amendment to the bank holding company’s year-end and subsequent FR Y-9Cs may be appropriate if the difference is significant. Minor differences should be handled as accrual adjustments to applicable income taxes in Reports of Income during the year the differences are detected. The reporting of applicable income taxes in the Report of Income for Bank Holding Companies for report

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dates other than year-end is discussed below under “interim period applicable income taxes.”

When determining the current and deferred income tax assets and liabilities to be reported in any period, a bank holding company’s income tax calculation contains an inherent degree of uncertainty surrounding the realizability of the tax positions included in the calculation. The term “tax position” refers to a position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities. A tax position can result in a permanent reduction of income taxes payable, a deferral of income taxes otherwise currently payable to future years, or a change in the expected realizability of deferred tax assets. For each tax position taken or expected to be taken in a tax return, a bank holding company must evaluate whether the tax position is more likely than not, i.e., more than a 50 percent probability, to be sustained upon examination by the appropriate taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, a bank holding company should presume that the taxing authority examining the position will have full knowledge of all relevant information. A bank holding company’s assessment of the technical merits of a tax position should reflect consideration of all relevant authoritative sources, e.g., tax legislation and statutes, legislative intent, regulations, rulings, and case law, and reflect the bank holding company’s determination of the applicability of these sources to the facts and circumstances of the tax position. A bank holding company must evaluate each tax position without consideration of the possibility of an offset or aggregation with other positions. No tax benefit can be recorded for a tax position that fails to meet the more-likely-than-not recognition threshold.

Each tax position that meets the more-likely-than-not recognition threshold should be measured to determine the amount of benefit to recognize in the FR Y-9C. The tax position is measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. When measuring the tax benefit, a bank holding company must consider the amounts and probabilities of the outcomes that could be realized upon ultimate settlement using the facts, circumstances, and information available at the

reporting date. A bank holding company may not use the valuation allowance associated with any deferred tax asset as a substitute for measuring this tax benefit or as an offset to this amount.

If a bank holding company’s assessment of the merits of a tax position subsequently changes, the bank holding company should adjust the amount of tax benefit it has recognized and accrue interest and penalties for any underpayment of taxes in accordance with the tax laws of each applicable jurisdiction. In this regard, a tax position that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent quarterly reporting period in which the threshold is met. A previously recognized tax position that no longer meets the more-likely-than-not recognition threshold should be derecognized in the first subsequent quarterly reporting period in which the threshold is no longer met.

*Temporary differences* result when events are recognized in one period on the bank holding company’s books but are recognized in another period on the bank holding company’s tax return. These differences result in amounts of income or expense being reported in the Report of Income for Bank Holding Companies in one period but in another period in the tax returns. There are two types of temporary differences. Deductible temporary differences reduce taxable income in future periods. Taxable temporary differences result in additional taxable income in future periods.

For example, a bank holding company’s provision for loan and lease losses is expensed for financial reporting purposes in one period. However, for some bank holding companies, this amount may not be deducted for tax purposes until the loans are actually charged off in a subsequent period. This deductible temporary difference “originates” when the provision for loan and lease losses is recorded in the financial statements and “turns around” or “reverses” when the loans are subsequently charged off, creating tax deductions. Other deductible temporary differences include writedowns of other real estate owned, the recognition of loan origination fees, and other postemployment benefits expense.

Depreciation can result in a taxable temporary difference if a bank holding company uses the straight-line method to determine the amount of depreciation expense to be reported in the Report of Income for Bank Holding

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Companies but uses an accelerated method for tax purposes. In the early years, tax depreciation under the accelerated method will typically be larger than book depreciation under the straight-line method. During this period, a taxable temporary difference originates. Tax depreciation will be less than book depreciation in the later years when the temporary difference reverses. Therefore, in any given year, the depreciation reported in the Report of Income for Bank Holding Companies will differ from that reported in the bank holding company's tax returns. However, total depreciation taken over the useful life of the asset will be the same under either method. Other taxable temporary differences include the undistributed earnings of unconsolidated subsidiaries and associated companies and amounts funded to pension plans that exceed the recorded expense.

Some events do not have tax consequences and therefore do not give rise to temporary differences. Certain revenues are exempt from taxation and certain expenses are not deductible. These events were previously known as "permanent differences." Examples of such events (for federal income tax purposes) are interest received on certain obligations of states and political subdivisions in the U.S., premiums paid on officers' life insurance policies where the bank holding company is the beneficiary, and 70 percent of cash dividends received on the corporate stock of domestic U.S. corporations owned less than 20 percent.

*Deferred tax assets* shall be calculated at the report date by applying the "applicable tax rate" (defined below) to the bank holding company's total deductible temporary differences and operating loss carryforwards. A deferred tax asset shall also be recorded for the amount of tax credit carryforwards available to the bank holding company. Based on the estimated realizability of the deferred tax asset, a valuation allowance should be established to reduce the recorded deferred tax asset to the amount that is considered "more likely than not" (i.e., greater than 50 percent chance) to be realized.

*Deferred tax liabilities* should be calculated by applying the "applicable tax rate" to total taxable temporary differences at the report date.

*Operating loss carrybacks and carryforwards and tax credit carryforwards*—When a bank holding company's deductions exceed its income for federal income tax purposes, it has sustained an operating loss. An operating loss that occurs in a year following periods when the

bank holding company had taxable income may be carried back to recover income taxes previously paid. The tax effects of any loss carrybacks that are realizable through a refund of taxes previously paid is recognized in the year the loss occurs. In this situation, the applicable income taxes on the Report of Income for Bank Holding Companies will reflect a credit rather than an expense. Bank holding companies may carry back operating losses for two years.

Generally, an operating loss that occurs when loss carrybacks are not available (e.g., occurs in a year following periods of losses) becomes an operating loss carryforward. Bank holding companies may carry operating losses forward 20 years.

Tax credit carryforwards are tax credits which cannot be used for tax purposes in the current year, but which can be carried forward to reduce taxes payable in a future period.

Deferred tax assets are recognized for operating loss and tax credit carryforwards just as they are for deductible temporary differences. As a result, a bank holding company can recognize the benefit of a net operating loss for tax purposes or a tax credit carryforward to the extent the bank holding company determines that a valuation allowance is not considered necessary (i.e., if the realization of the benefit is more likely than not).

*Applicable tax rate*—The income tax rate to be used in determining deferred tax assets and liabilities is the rate under current tax law that is expected to apply to taxable income in the periods in which the deferred tax assets or liabilities are expected to be realized or paid. If the bank holding company's income level is such that graduated tax rates are a significant factor, then the bank holding company shall use the average graduated tax rate applicable to the amount of estimated taxable income in the period in which the deferred tax asset or liability is expected to be realized or settled. When the tax law changes, bank holding companies shall determine the effect of the change, adjust the deferred tax asset or liability and include the effect of the change in Schedule HI, item 9, "Applicable income taxes (foreign and domestic)."

*Valuation allowance*—A valuation allowance must be recorded, if needed, to reduce the amount of deferred tax assets to an amount that is more likely than not to be realized. Changes in the valuation allowance generally shall be reported in Schedule HI, item 9, "Applicable

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income taxes (foreign and domestic).” The following discussion of the valuation allowance relates to the allowance, if any, included in the amount of net deferred tax assets or liabilities to be reported on the balance sheet (Schedule HC) and in Schedule HC-F, item 2, or Schedule HC-G, item 2. This discussion does not address the determination of the amount of deferred tax assets, if any, that is disallowed for regulatory capital purposes and reported in Schedule HC-R, item 9(b).

Bank holding companies must consider all available evidence, both positive and negative, in assessing the need for a valuation allowance. The future realization of deferred tax assets ultimately depends on the existence of sufficient taxable income of the appropriate character in either the carryback or carryforward period. Four sources of taxable income may be available to realize the deferred tax assets:

- (1) Taxable income in carryback years (which can be offset to recover taxes previously paid),
- (2) Reversing taxable temporary differences,
- (3) Future taxable income (exclusive of reversing temporary differences and carryforwards).
- (4) Tax-planning strategies.

In general, positive evidence refers to the existence of one or more of the four sources of taxable income. To the extent evidence about one or more sources of income is sufficient to support a conclusion that a valuation allowance is not necessary (i.e., the bank holding company can conclude that the deferred tax asset is more likely than not to be realized), other sources need not be considered. However, if a valuation allowance is needed, each source of income must be evaluated to determine the appropriate amount of the allowance needed.

Evidence used in determining the valuation allowance should be subject to objective verification. The weight given to evidence when both positive and negative evidence exist should be consistent with the extent to which it can be verified. Sources (1) and (2) listed above are more susceptible to objective verification and, therefore, may provide sufficient evidence regardless of future events.

The consideration of future taxable income (exclusive of reversing temporary differences and carryforwards) as a source for the realization of deferred tax assets will

require subjective estimates and judgments about future events which may be less objectively verifiable.

Examples of *negative evidence* include:

- Cumulative losses in recent years.
- A history of operating loss or tax credit carryforwards expiring unused.
- Losses expected in early future years by a presently profitable bank holding company.
- Unsettled circumstances that, if unfavorably resolved, would adversely affect future profit levels.
- A brief carryback or carryforward that would limit the ability to realize the deferred tax asset.

Examples of *positive evidence* include:

- A strong earnings history exclusive of the loss that created the future deductible amount (tax loss carryforward or deductible temporary difference) coupled with evidence indicating that the loss is an aberration rather than a continuing condition.
- 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 bank holding company’s deferred tax assets is dependent upon future taxable income, the reliability of a bank holding company’s projections is very important. The bank holding company’s record in achieving projected results under an actual operating plan will be a strong measure of this reliability. Other factors a bank 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 bank holding company’s interest rate sensitivity.

When strong negative evidence, such as the existence of cumulative losses, exists, it is extremely difficult for a bank 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.

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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 bank 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, bank 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 bank 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 Bank Holding Companies as of the end of March, June, and September (“interim periods”), a bank 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 bank 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 Bank 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.

*Tax calculations by tax jurisdiction*—Separate calculations of income taxes, both current and deferred amounts, are required for each tax jurisdiction. However, if the tax laws of the state and local jurisdictions do not significantly differ from federal income tax laws, then the calculation of deferred income tax expense can be made in the aggregate. The bank holding company would calculate both current and deferred tax expense considering the combination of federal, state and local income tax rates. The rate used should consider whether amounts paid in one jurisdiction are deductible in another jurisdiction. For example, since state and local taxes are deductible for federal purposes, the aggregate combined rate would generally be (1) the federal tax rate plus (2) the state and local tax rates minus (3) the federal tax effect of the deductibility of the state and local taxes at the federal tax rate.

*Purchase business combinations*—In purchase business combinations (as described in the Glossary entry for “business combinations”), bank holding companies shall recognize as a temporary difference the difference between the tax basis of acquired assets or liabilities and the amount of the purchase price allocated to the acquired assets and liabilities (with certain exceptions

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specified in ASC Topic 740). As a result, the acquired asset or liability shall be recorded gross and a deferred tax asset or liability shall be recorded for any resulting temporary difference.

In a purchase business combination, a deferred tax asset shall generally be recognized at the date of acquisition for deductible temporary differences and net operating loss and tax credit carryforwards of either company in the transaction, net of an appropriate valuation allowance. The determination of the valuation allowance should consider any provisions in the tax law that may restrict the use of an acquired company's carryforwards.

Subsequent recognition (i.e., by elimination of the valuation allowance) of the benefit of deductible temporary differences and net operating loss or tax credit carryforwards not recognized at the acquisition date will depend on the source of the benefit. If the valuation allowance relates to deductible temporary differences and carryforwards of the acquiring company established before the acquisition, then subsequent recognition is reported as a reduction of income tax expense. If the benefit is related to the acquired company's deductible temporary differences and carryforwards, then the benefit is subsequently recognized by first reducing any goodwill related to the acquisition, then by reducing all other noncurrent intangible assets related to the acquisition, and finally, by reducing income tax expense.

**Alternative Minimum Tax**—Any taxes a bank holding company must pay in accordance with the alternative minimum tax (AMT) shall be included in the bank holding company's current tax expense. Amounts of AMT paid can be carried forward in certain instances to reduce the bank holding company's regular tax liability in future years. The bank holding company may record a deferred tax asset for the amount of the AMT credit carryforward, which shall then be evaluated in the same manner as other deferred tax assets to determine whether a valuation allowance is needed.

**Other tax effects**—A bank holding company may have transactions or items that are reportable in Schedule HI-A of the Report of Income for Bank Holding Companies such as "Cumulative effect of changes in accounting principles and corrections of material accounting errors," and "Foreign currency translation adjustments" that are included in "Other comprehensive income." These transactions or other items will

enter into the determination of taxable income in some year (not necessarily the current year), but are not included in the pretax income reflected in Schedule HI of the Report of Income for Bank Holding Companies. They shall be reported in Schedule HI-A net of related income tax effects. These effects may increase or decrease the bank holding company's total tax liability calculated on its tax returns for the current year or may be deferred to one or more future periods.

For further information, see ASC Topic 740. The following table has been included to aid bank holding companies in calculating their "applicable income taxes" for purposes of the FR Y-9C. The table includes the tax rates in effect for the years presented.

## FEDERAL INCOME TAX RATES APPLICABLE TO BANK HOLDING COMPANIES

| Year          | First<br>\$25,000 | Second<br>\$25,000 | Third<br>\$25,000 | Fourth<br>\$25,000 | Over<br>\$100,000 | Capital<br>Gains     | Alternative<br>Minimum<br>Tax |
|---------------|-------------------|--------------------|-------------------|--------------------|-------------------|----------------------|-------------------------------|
| 1993-<br>2010 | 15%               | 15%                | 25%               | 34%                | <sup>9</sup>      | Regular<br>tax rates | 20%                           |

**Insurance Commissions:** Insurance commissions generally represent remuneration paid by insurance underwriters to insurance agents and brokers for the sale of insurance products. Companies also earn fees for generating insurance sales leads pursued by third-party insurance agents and by providing other services related to selling and servicing insurance contracts and maintaining separate accounts.

**Insurance Premiums:** Insurance premiums are the consideration paid by policyholders to insurance underwriters in exchange for the provision of defined future benefits or for the indemnification against specified insured losses. For further information, see ASC Topic 944, Financial Services-Insurance (formerly FASB Statement No. 60, *Accounting and Reporting by Insurance Enterprises*, and FASB Statement No. 97, *Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments*).

9. A 39% tax rate applies to taxable income from \$100,001 to \$335,000; a 34% tax rate applies to taxable income from \$335,001 to \$10,000,000; a tax rate of 35% applies to taxable income from \$10,000,001 to \$15,000,000; a tax rate of 38% applies to taxable income from \$15,000,001 to \$18,333,333; and a 35% tax rate applies to taxable income over \$18,333,333.

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**Insurance Underwriting:** Insurance underwriting is the process whereby insurance companies assume risks (e.g. that a death, sickness, casualty or other event) will occur, for which premiums based upon underwriting standards are charged.

**Intangible Assets:** See “Business combinations.”

**Interest-Bearing Account:** See “Deposits.”

**Interest Capitalization:** See “Capitalization of interest.”

**Internal-Use Computer Software:** Guidance on the accounting and reporting for the costs of internal-use computer software is set forth in ASC Subtopic 350-40, Intangibles-Goodwill and Other – Internal-Use Software (formerly AICPA Statement of Position 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*). A summary of this accounting guidance follows. For further information, see ASC Subtopic 350-40. Internal-use computer software is software that meets both of the following characteristics: (1) The software is acquired, internally developed, or modified solely to meet the bank holding company’s internal needs; and (2) During the software’s development or modification, no substantive plan exists or is being developed to market the software externally.

ASC Subtopic 350-40 identifies three stages of development for internal-use software: the preliminary project stage, the application development stage, and the post-implementation/operation stage. The processes that occur during the preliminary project stage of software development are the conceptual formulation of alternatives, the evaluation of the alternatives, the determination of the existence of needed technology, and the final selection of alternatives. The application development stage involves the design of the chosen path (including software configuration and software interfaces), coding, installation of software to hardware, and testing (including the parallel processing phase). Generally, training and application maintenance occur during the post-implementation/operation stage. Upgrades of and enhancements to existing internal-use software, i.e., modification to software that result in additional functionality, also go through the three aforementioned stages of development.

Computer software costs that are incurred in the preliminary project stage should be expensed as incurred.

Internal and external costs incurred to develop internal-use software during the application development stage

should be capitalized. Capitalization of these costs should begin once (a) the preliminary project stage is completed and (b) management, with the relevant authority, implicitly or explicitly authorizes and commits to funding a computer software project and it is probable that the project will be completed and the software will be used to perform the function intended. Capitalization should cease no later than when a computer software project is substantially complete and ready for its intended use, i.e., after all substantial testing is completed. Capitalized internal-use computer software costs generally should be amortized on a straight-line basis over the estimated useful life of the software.

Only the following application development stage costs should be capitalized: (1) External direct costs of materials and services consumed in developing or obtaining internal-use software; (2) Payroll and payroll-related costs for employees who are directly associated with and who devote time to the internal-use computer software project (to the extent of the time spent directly on the project); and (3) Interest costs incurred when developing internal-use software.

Costs to develop or obtain software that allows for access or conversion of old data by new systems also should be capitalized. Otherwise, data conversion costs should be expensed as incurred. General and administrative costs and overhead costs should not be capitalized as internal-use software costs. During the post-implementation/operation stage, internal and external training costs and maintenance costs should be expensed as incurred. Impairment of capitalized internal-use computer software costs should be recognized and measured in accordance with ASC Topic 360, Property, Plant, and Equipment (formerly FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*).

The costs of internally developed computer software to be sold, leased, or otherwise marketed as a separate product or process should be reported in accordance with ASC Subtopic 985-20, Software – Costs of Software to Be Sold, Leased or Marketed (formerly FASB Statement No. 86, *Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed*). If, after the development of internal-use software is completed, a bank holding company decides to market the software, proceeds received from the license of the software, net of direct incremental marketing costs, should be applied against the carrying amount of the software.

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**International Banking Facility (IBF):** *General definition*—An International Banking Facility (IBF) is a set of asset and liability accounts, segregated on the books and records of the establishing entity, which reflect international transactions. An IBF is established in accordance with the terms of Federal Reserve Regulation D and after appropriate notification to the Federal Reserve. The establishing entity may be a U.S. depository institution, a U.S. office of an Edge or Agreement corporation, or a U.S. branch or agency of a foreign bank pursuant to Federal Reserve Regulation D. An IBF is permitted to hold only certain assets and liabilities. In general, IBF accounts are limited, as specified in the paragraphs below, to non-U.S. residents of foreign countries, residents of Puerto Rico and U.S. territories and possessions, other IBFs, and U.S. and non-U.S. offices of the establishing entity.

Permissible IBF assets include extensions of credit to the following:

- (1) non-U.S. residents (including foreign branches of other U.S. banks);
- (2) other IBFs; and
- (3) U.S. and non-U.S. offices of the establishing entity.

Credit may be extended to non-U.S. nonbank residents only if the funds are used in their operations outside the United States. IBFs may extend credit in the form of a loan, deposit, placement, advance, security, or other similar asset.

Permissible IBF liabilities include (as specified in Federal Reserve Regulation D) liabilities to non-U.S. nonbank residents only if such liabilities have a minimum maturity or notice period of at least two business days. IBF liabilities also may include overnight liabilities to:

- (1) non-U.S. offices of other depository institutions and of Edge or Agreement corporations;
- (2) non-U.S. offices of foreign banks;
- (3) Foreign governments and official institutions;
- (4) other IBFs; and
- (5) the establishing entity.

IBF liabilities may be issued in the form of deposits, borrowings, placements, and other similar instruments. However, IBFs are prohibited from issuing negotiable

certificates of deposit, bankers acceptances, or other negotiable or bearer instruments.

*Treatment of the IBFs of bank subsidiaries of the holding company on the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C)*—IBFs established by a subsidiary of the holding company (e.g., by a bank subsidiary or by its Edge or Agreement subsidiaries) are to be consolidated in the FR Y-9C. In the consolidated balance sheet (Schedule HC) and income statement (Schedule HI), transactions between the IBFs of the bank subsidiaries of the reporting holding company and between these IBFs and other offices of the bank holding company are to be eliminated. For purposes of these reports, the IBFs of the holding companies' banking subsidiaries are to be treated as foreign offices where, in the schedules, a distinction is made between foreign and domestic offices of the reporting bank holding company.

Assets of the IBFs of the banking subsidiaries of the reporting bank holding company should be reported in the asset categories of the report by type of instrument and customer, as appropriate. For example, IBFs are to report their holdings of securities in Schedule HC, item 2, and in the appropriate items of Schedule HC-B; their holdings of loans that the IBF has the intent and ability to hold for the foreseeable future or until maturity or payoff (including loans of immediately available funds that have an original maturity of one business day or roll over under a continuing contract that are not securities resale agreements) in Schedule HC, item 4(b), and in the appropriate items of Schedule HC-C; and securities purchased under agreements to resell in Schedule HC, item 3(b).

For purposes of these reports, all liabilities of the IBFs of the banking subsidiaries of the reporting bank holding company to outside parties are classified under four headings:

- (1) Securities sold under agreements to repurchase, which are to be reported in Schedule HC, item 14(b);
- (2) Borrowings of immediately available funds that have an original maturity of one business day or roll over under a continuing contract that are not securities repurchase agreements, which are to be reported in Schedule HC-M, item 14;
- (3) Accrued liabilities, which are to be reported in Schedule HC, item 20; and

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- (4) All other liabilities, including deposits, placements, and borrowings, which are to be treated as deposit liabilities in foreign offices and reported in Schedule HC, item 13(b).

*Treatment of transactions with IBFs of other depository institutions*—Transactions between the offices of the reporting bank holding company and IBFs outside the scope of the FR Y-9C are to be reported as transactions with depository institutions in the U.S., as appropriate. (Note, however, that only foreign offices of the bank holding company and IBFs of its banking subsidiaries are permitted to have transactions with other IBFs.)

**Investments in Common Stock of Unconsolidated Subsidiaries:** See the instruction to Schedule HC, item 8, “Investments in unconsolidated subsidiaries and associated companies.”

**Joint Venture:** See “Subsidiaries.”

**Lease Accounting:** A lease is an agreement that transfers the right to use land, buildings, or equipment for a specified period of time. This financing device is essentially an extension of credit evidenced by an obligation between a lessee and a lessor.

Standards for lease accounting are set forth in ASC Topic 840, Leases (formerly FASB Statement No. 13, *Accounting for Leases*, as amended and interpreted).

*Accounting with the bank holding company as lessee*—Any lease entered into by a lessee bank holding company or its consolidated subsidiaries that are on an accrual basis of accounting shall be accounted for as a property acquisition financed with a debt obligation. The property shall be amortized according to the bank holding company’s normal depreciation policy (except, if appropriate, the amortization period shall be the lease term) unless the lease involves land only. The interest expense portion of each lease payment shall be calculated to result in a constant rate of interest on the balance of the debt obligation. In the FR Y-9C, the property “asset” is to be reported in Schedule HC, item 6, and the liability for capitalized leases in Schedule HC, item 16, “Other borrowed money.” In the income statement, the interest expense portion of the capital lease payments is to be reported in Schedule HI, item 2(c), “Interest on trading liabilities and other borrowed money,” and the amortization expense on the asset is to be reported in Schedule HI, item 7(b), “Expenses of premises and fixed assets.” If

any one of the following criteria is met, a lease must be accounted for as a capital lease:

- (1) ownership of the property is transferred to the lessee at the end of the lease term, or
- (2) the lease contains a bargain purchase option, or
- (3) the lease term represents at least 75 percent of the estimated economic life of the leased property, or
- (4) the present value of the minimum lease payments at the beginning of the lease term is 90 percent or more of the fair value of the leased property to the lessor at the inception of the lease less any related investment tax credit retained by and expected to be realized by the lessor.

If none of the above criteria is met, the lease should be accounted for as an operating lease. Rental payments should be charged to expense over the term of the operating lease as they become payable.

NOTE: If a lease involves land only, the lease must be capitalized if either of the first two criteria above is met. Where a lease that involves land and building meets either of these two criteria, the land and building must be separately capitalized by the lessee. The accounting for a lease involving land and building that meets neither of the first two criteria should conform to the standards prescribed by ASC Topic 840.

*Accounting for sales with leasebacks*—Sale-leaseback transactions involve the sale of property by the owner and a lease of the property back to the seller. If a bank holding company sells premises or fixed assets and leases back the property, the lease shall be treated as a capital lease if it meets any one of the four criteria above for capitalization. Otherwise, the lease shall be accounted for as an operating lease.

As a general rule, the bank holding company shall defer any gain resulting from the sale. For capital leases, this deferred gain is amortized in proportion to the depreciation taken on the leased asset. For operating leases, the deferred gain is amortized in proportion to the rental payments the bank holding company will make over the lease term. The unamortized deferred gain is to be reported in “Other liabilities.” (Exceptions to the general rule on deferral which permit full or partial recognition of a gain at the time of the sale may occur if the leaseback covers less than substantially all of the property that was

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sold or if the total gain exceeds the minimum lease payments.)

If the fair value of the property at the time of the sale is less than the book value of the property, the difference between these two amounts shall be recognized as a loss immediately. In this case, if the sales price is less than the fair value of the property, the additional loss shall be deferred since it is in substance a prepayment of rent. Similarly, if the fair value of the property sold is greater than its book value, any loss on the sale shall also be deferred. Deferred losses shall be amortized in the same manner as deferred gains as described above.

For further information, see ASC Subtopic 840-40, Leases – Sale-Leaseback Transactions (formerly FASB Statement No. 28, *Accounting for Sales with Leasebacks*).

*Accounting with bank holding company as lessor*— Unless a long-term creditor is also involved in the transaction, a lease entered into by a lessor bank holding company or its consolidated subsidiaries on an accrual accounting basis that meets one of the four criteria above for a capital lease plus two additional criteria (as defined below) shall be treated as a direct financing lease. After initial direct costs have been deducted, the unearned income (minimum lease payments plus estimated residual value less the cost of the leased property) shall be amortized to income over the lease term in a manner which produces a constant rate of return on the net investment (minimum lease payments plus estimated residual value less unearned income). Other methods of income recognition may be used if the results are not materially different.

The following two additional criteria must be met for a lease to be classified as a direct financing lease:

- (1) Collectability of the minimum lease payments is reasonably predictable.
- (2) No important uncertainties surround the amount of unreimbursable costs yet to be incurred by the lessor under the lease.

When a lessor bank holding company or its consolidated subsidiaries on an accrual basis of accounting enters into a lease that has all the characteristics of a direct financing lease but where a long-term creditor provides nonrecourse financing to the lessor, the transaction shall be accounted for as a leveraged lease. The lessor's net investment in a leveraged lease shall be recorded in a

manner similar to that for a direct financing lease but net of the principal and interest on the nonrecourse debt. Based on a projected cash flow analysis for the lease term, unearned and deferred income shall be amortized to income at a constant rate only in those years of the lease term in which the net investment is positive. In the years in which the net investment is not positive, no income is to be recognized on the leveraged lease.

If a lease is neither a direct financing lease nor a leveraged lease, the lessor bank holding company or its consolidated subsidiaries shall account for it as an *operating lease*. The leased property shall be reported as "Other assets" and depreciated in accordance with the bank holding company's normal policy. Rental payments are generally credited to income over the term of an operating lease as they become receivable.

**Letter of Credit:** A letter of credit is a document issued by a bank holding company or its consolidated subsidiaries (generally a banking subsidiary) on behalf of its customer (the account party) authorizing a third party (the beneficiary), or in special cases the account party, to draw drafts on the bank holding company or its consolidated subsidiary up to a stipulated amount and with specified terms and conditions. The letter of credit is a conditional commitment (except when prepaid by the account party) on the part of the consolidated bank holding company to provide payment on drafts drawn in accordance with the terms of the document.

As a matter of sound practice, letters of credit should:

- (1) be conspicuously labeled as a letter of credit;
- (2) contain a specified expiration date or be for a definite term;
- (3) be limited in amount;
- (4) call upon the issuing bank holding company or its issuing consolidated subsidiaries to pay only upon the presentation of a draft or other documents as specified in the letter of credit and not require the issuing bank holding company or consolidated subsidiaries to make determinations of fact or law at issue between the account party and the beneficiary; and
- (5) be issued only subject to an agreement between the account party and the issuing bank holding company or its consolidated subsidiaries which establishes the

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unqualified obligation of the account party to reimburse the issuing bank holding company or its consolidated subsidiaries for all payments made under the letter of credit.

There are four basic types of letters of credit:

- (1) commercial letters of credit,
- (2) letters of credit sold for cash,
- (3) travelers' letters of credit, and
- (4) standby letters of credit,

each of which is discussed separately below.

A *commercial letter of credit* is issued specifically to facilitate trade or commerce. Under the terms of a commercial letter of credit, as a general rule, drafts will be drawn when the underlying transaction is consummated as intended.

A *letter of credit sold for cash* is a letter of credit for which the bank holding company or a consolidated subsidiary has received funds from the account party at the time of issuance. This type of letter of credit is not to be reported as an outstanding letter of credit but as a demand deposit. These letters are considered to have been sold for cash even though the consolidated bank holding company may have advanced funds to the account party for the purchase of such letters of credit on a secured or unsecured basis.

A *travelers' letter of credit* is issued to facilitate travel. This letter of credit is addressed by the bank holding company or its consolidated subsidiaries to its correspondents authorizing the correspondents to honor drafts drawn by the person named in the letter of credit in accordance with specified terms. These letters are generally sold for cash.

A *standby letter of credit* is a letter of credit or similar arrangement that:

- (1) represents an obligation on the part of the issuing bank holding company or a consolidated subsidiary to a designated third party (the beneficiary) contingent upon the failure of the issuing consolidated bank holding company's customer (the account party) to perform under the terms of the underlying contract with the beneficiary, or
- (2) obligates the bank holding company or a consolidated subsidiary to guarantee or stand as surety for

the benefit of a third party to the extent permitted by law or regulation.

The underlying contract may entail either financial or nonfinancial undertakings of the account party with the beneficiary. The underlying contract may involve such things as the customer's payment of commercial paper, delivery of merchandise, completion of a construction contract, release of maritime liens, or repayment of the account party's obligations to the beneficiary. Under the terms of a standby letter, as a general rule, drafts will be drawn only when the underlying event fails to occur as intended.

**Limited-Life Preferred Stock:** See "Preferred stock."

**Loan:** For purposes of this report, a loan is generally an extension of credit resulting from direct negotiations between a lender and a borrower. The reporting bank holding company or its consolidated subsidiaries may originate a loan by directly negotiating with a borrower or it may purchase a loan or a portion of a loan originated by another lender that directly negotiated with a borrower. The reporting bank holding company or its subsidiaries may also sell a loan or a portion of a loan, regardless of the method by which it acquired the loan.

Loans may take the form of promissory notes, acknowledgments of advance, due bills, invoices, overdrafts, acceptances, and similar written or oral obligations.

Among the extensions of credit reportable as loans in Schedule HC-C, which covers both loans held for sale and loans that the reporting bank holding company has the intent and ability to hold for the foreseeable future or until maturity or payoff, are:

- (1) acceptances of banks that are not consolidated subsidiaries for the reporting bank holding company's FR Y-9C;
- (2) acceptances executed by or for the account of a subsidiary bank of the reporting bank holding company and subsequently acquired by the consolidated holding company through purchase or discount;
- (3) customers' liability to a bank subsidiary of the reporting bank holding company on drafts paid under letters of credit for which the bank subsidiary of the reporting bank holding company has not been reimbursed;

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- (4) “advances” and commodity or bill-of-lading drafts payable upon arrival of goods against which drawn, for which a bank subsidiary of the reporting bank holding company has given deposit credit to customers;
- (5) paper pledged by the bank holding company or by its consolidated subsidiaries whether for collateral to secure bills payable (e.g., margin collateral to secure bills rediscounted) or for any other purpose;
- (6) sales of “term federal funds” (i.e., sales of immediately available funds with a maturity of more than one business day), other than those involving security resale agreements;
- (7) factored accounts receivable;
- (8) loans arising out of the purchase of assets (other than securities) under resale agreements with a maturity of more than one business day if the agreement requires the bank holding company to resell the identical asset purchased; or
- (9) participations (acquired or held) in a single loan or in a pool of loans or receivables (see discussion in the Glossary entry for “Transfers of Financial Assets”).

Loan acceptances and commercial paper, held in a trading account are to be reported in Schedule HC, item 5, “Trading assets.”

See also “Loan secured by real estate,” “Overdraft,” and “Sale of assets.”

**Loan Fees:** The accounting standards for nonrefundable fees and costs associated with lending, committing to lend, and purchasing a loan or group of loans are set forth in ASC Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs (formerly FASB Statement No. 91, *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases*), a summary of which follows. The statement applies to all types of loans as well as to debt securities (but not to loans or debt securities carried at fair value if the changes in fair value are included in earnings) and to all types of lenders. For further information, see ASC Subtopic 310-20.

A bank holding company may acquire a loan by originating the loan (lending) or by acquiring a loan from a party other than the borrower (purchasing). Lending, committing to lend, refinancing or restructuring loans, arranging standby letters of credit, syndicating loans, and leasing

activities are all considered “lending activities.” Nonrefundable loan fees paid by the borrower to the lender may have many different names, such as origination fees, points, placement fees, commitment fees, application fees, management fees, restructuring fees, and syndication fees, but in this Glossary entry, they are referred to as loan origination fees, commitment fees, or syndication fees.

ASC Subtopic 310-20 applies to both a lender and a purchaser, and should be applied to individual loan contracts. Aggregation of similar loans for purposes of recognizing net fees or costs and purchase premiums or discounts is permitted under certain circumstances specified in ASC Subtopic 310-20 or if the result does not differ materially from the amount that would have been recognized on an individual loan-by-loan basis. In general, the statement specifies that:

- (1) Loan origination fees should be deferred and recognized over the life of the related loan as an adjustment of yield (interest income). Once a bank holding company adopts ASC Subtopic 310-20, recognizing a portion of loan fees as revenue to offset all or part of origination costs in the reporting period in which a loan is originated is no longer acceptable.
- (2) Certain direct loan origination costs specified in the Statement should be deferred and recognized over the life of the related loan as a reduction of the loan’s yield. Loan origination fees and related direct loan origination costs for a given loan should be offset and only the net amount deferred and amortized.
- (3) Direct loan origination costs should be offset against related commitment fees and the net amounts deferred except for: (a) commitment fees (net of costs) where the likelihood of exercise of the commitment is remote, which generally should be recognized as service fee income on a straight line basis over the loan commitment period, and (b) retrospectively determined fees, which are recognized as service fee income on the date as of which the amount of the fee is determined. All other commitment fees (net of costs) shall be deferred over the entire commitment period and recognized as an adjustment of yield over the related loan’s life or, if the commitment expires unexercised, recognized in income upon expiration of the commitment.

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- (4) Loan syndication fees should be recognized by the institution managing a loan syndication (the syndicator) when the syndication is complete unless a portion of the syndication loan is retained. If the yield on the portion of the loan retained by the syndicator is less than the average yield to the other syndication participants after considering the fees passed through by the syndicator, the syndicator should defer a portion of the syndication fee to produce a yield on the portion of the loan retained that is not less than the average yield on the loans held by the other syndication participants.
- (5) Loan fees, certain direct loan origination costs, and purchase premiums and discounts on loans shall be recognized as an adjustment of yield generally by the interest method based on the contractual term of the loan. However, if the bank holding company holds a large number of similar loans for which prepayments are probable and the timing and amount of prepayments can be reasonably estimated, the bank holding company may consider estimates of future principal prepayments in the calculation of the constant effective yield necessary to apply the interest method. Once a bank holding company adopts ASC Subtopic 310-20, the practice of recognizing fees over the estimated average life of a group of loans is no longer acceptable.
- (6) A refinanced or restructured loan, other than a troubled debt restructuring, should be accounted for as a new loan if the terms of the new loan are at least as favorable to the lender as the terms for comparable loans to other customers with similar collection risks who are not refinancing or restructuring a loan. Any unamortized net fees or costs and any prepayment penalties from the original loan should be recognized in interest income when the new loan is granted. If the refinancing or restructuring does not meet these conditions or if only minor modifications are made to the original loan contract, the unamortized net fees or costs from the original loan and any prepayment penalties should be carried forward as a part of the net investment in the new loan. The investment in the new loan should consist of the remaining net investment in the original loan, any additional amounts loaned, any fees received, and direct loan origination costs associated with the transaction. In a troubled debt restructuring involving a modification of terms, fees received should be applied as a reduction of the

recorded investment in the loan, and all related costs, including direct loan origination costs, should be charged to expense as incurred. (See the Glossary entry for “troubled debt restructurings” for further guidance.)

- (7) Deferred net fees or costs shall not be amortized during periods in which interest income on a loan is not being recognized because of concerns about realization of loan principal or interest.

Direct loan origination costs of a completed loan are defined to include only (a) incremental direct costs of loan origination incurred in transactions with independent third parties for that particular loan and (b) certain costs directly related to specified activities performed by the lender for that particular loan.<sup>10</sup> Incremental direct costs are costs to originate a loan that (a) result directly from and are essential to the lending transaction and (b) would not have been incurred by the lender had that lending transaction not occurred. The specified activities performed by the lender are evaluating the prospective borrower’s financial condition; evaluating and recording guarantees, collateral, and other security arrangements; negotiating loan terms; preparing and processing loan documents; and closing the transaction. The costs directly related to those activities include only that portion of the employees’ total compensation and payroll-related fringe benefits directly related to time spent performing those activities for that particular loan and other costs related to those activities that would not have been incurred but for that particular loan.

All other lending-related costs, whether or not incremental, should be charged to expense as incurred, including costs related to activities performed by the lender for advertising, identifying potential borrowers, soliciting potential borrowers, servicing existing loans, and other ancillary activities related to establishing and monitoring credit policies, supervision, and administration. Employees’ compensation and fringe benefits related to these activities, unsuccessful loan origination efforts, and idle time should be charged to expense as incurred. Administrative costs, rent, depreciation, and all other occupancy and equipment costs are considered indirect costs and should be charged to expense as incurred.

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10. For purposes of this report, a bank holding company which deems its costs for these lending activities not to be material and which need not maintain records on a loan-by-loan basis for other purposes may expense such costs as incurred.

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Net unamortized loan fees represent an adjustment of the loan yield, and shall be reported in the same manner as unearned income on loans, i.e., deducted from the related loan balances (to the extent possible) or deducted from total loans in “Any unearned income on loans reflected in items 1-9 above” in Schedule HC-C. Net unamortized direct loan origination costs shall be added to the related loan balances in Schedule HC-C. Amounts of loan origination, commitment, and other fees and costs recognized as an adjustment of yield should be reported under the appropriate subitem of item 1, “Interest income,” in Schedule HI. Other fees, such as (a) commitment fees that are recognized during the commitment period or included in income when the commitment expires (i.e. fees retrospectively determined and fees for commitments where exercise is remote) and (b) syndication fees that are not deferred, should be reported as “Other noninterest income” on Schedule HI.

**Loan Impairment:** The accounting standard for impaired loans is ASC Topic 310, Receivables (formerly FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan*, as amended). For further information, refer to ASC Topic 310. Each institution is responsible for maintaining an allowance for loan and lease losses (allowance) at a level that is appropriate to cover estimated credit losses in its entire portfolio of loans and leases held for investment, i.e., loans and leases that the bank holding company has the intent and ability to hold for the foreseeable future or until maturity or payoff. ASC Topic 310 sets forth measurement methods for estimating the portion of the overall allowance for loan and lease losses attributable to individually impaired loans. For the remainder of the portfolio, an appropriate allowance must be maintained in accordance with ASC Subtopic 450-20, Contingencies – Loss Contingencies (formerly FASB Statement No. 5, *Accounting for Contingencies*). For comprehensive guidance on the maintenance of an appropriate allowance, bank holding companies should refer to the Interagency Policy Statement on the Allowance for Loan and Lease Losses dated December 13, 2006, and the Glossary entry for “allowance for loan and lease losses.”

In general, loans are impaired under ASC Topic 310 when, based on current information and events, it is probable that an institution will be unable to collect all amounts due (i.e., both principal and interest) according to the contractual terms of the original loan agreement. An institution should apply its normal loan review proce-

dures when identifying loans to be individually evaluated for impairment under ASC Topic 310. When an individually evaluated loan is deemed impaired under ASC Topic 310, an institution should choose to measure impairment using (1) the present value of expected future cash flows discounted at the loan’s effective interest rate (i.e., the contractual interest rate adjusted for any net deferred loan fees or costs, premium, or discount existing at the origination or acquisition of the loan), (2) the loan’s observable market price, or (3) the fair value of the collateral. An institution may choose the appropriate ASC Topic 310 measurement method on a loan-by-loan basis for an individually impaired loan, except for an impaired collateral dependent loan. As discussed in the following paragraph, the agencies require impairment of a collateral dependent loan to be measured using the fair value of collateral method. A loan is collateral dependent if repayment of the loan is expected to be provided solely by the underlying collateral and there are no other available and reliable sources of repayment. A creditor should consider estimated costs to sell, on a discounted basis, in the measurement of impairment if those costs are expected to reduce the cash flows available to repay or otherwise satisfy the loan. If the measure of an impaired loan is less than the recorded investment in the loan, an impairment should be recognized by creating an allowance for estimated credit losses for the impaired loan or by adjusting an existing allowance with a corresponding charge or credit to “Provision for loan and lease losses.”

For purposes of FR Y-9C report, impairment of a collateral dependent loan must be measured using the fair value of the collateral. In general, any portion of the recorded investment in an impaired collateral dependent loan (including recorded accrued interest, net deferred loan fees or costs, and unamortized premium or discount) in excess of the fair value of the collateral that can be identified as uncollectible should be promptly charged off against the allowance for loan and lease losses.

An institution should not provide an additional allowance for estimated credit losses on an individually impaired loan over and above what is specified by ASC Topic 310. The allowance established under ASC Topic 310 should take into consideration all available information existing as of the FR Y-9C report date that indicates that it is probable that a loan has been impaired. All available information would include existing environmental factors such as industry, geographical, economic, and political factors that affect collectibility.

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ASC Topic 310 also addresses the accounting by creditors for all loans that are restructured in a troubled debt restructuring involving a modification of terms, except loans that are measured at fair value or the lower of cost or fair value. According to ASC Topic 310, all loans restructured in troubled debt restructurings are impaired loans. For guidance on troubled debt restructurings, see the Glossary entry for “troubled debt restructurings.”

As with all other loans, all impaired loans should be reported as past due or nonaccrual loans in Schedule HC-N in accordance with the schedule’s instructions. A loan identified as impaired is one for which it is probable that the institution will be unable to collect all principal and interest amounts due according to the contractual terms of the original loan agreement. Therefore, a loan that is not already in nonaccrual status when it is first identified as impaired will normally meet the criteria for placement in nonaccrual status at that time. Exceptions may arise when a loan not previously in nonaccrual status is identified as impaired because its terms have been modified in a troubled debt restructuring, but the borrower’s sustained historical repayment performance for a reasonable time prior to the restructuring is consistent with the modified terms of the loan and the loan is reasonably assured of repayment (of principal and interest) and of performance in accordance with its modified terms. This determination must be supported by a current, well documented credit evaluation of the borrower’s financial condition and prospects for repayment under the revised terms. Exceptions may also arise for those purchased impaired loans for which the criteria for accrual of income under the interest method are met as specified in ASC Subtopic 310-30, Receivables - Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*). Any cash payments received on impaired loans in nonaccrual status should be reported in accordance with the criteria for the cash basis recognition of income in the Glossary entry for “nonaccrual status.” For further guidance, see the Glossary entries for “nonaccrual status” and “purchased impaired loans and debt securities.”

**Loan Secured by Real Estate:** For purposes of this report, a loan secured by real estate is a loan that, at origination, is secured wholly or substantially by a lien or liens on real property for which the lien or liens are central to the extension of the credit—that is, the borrower

would not have been extended credit in the same amount or on terms as favorable without the lien or liens on real property. To be considered wholly or substantially secured by a lien or liens on real property, the estimated value of the real estate collateral at origination (after deducting any more senior liens) must be greater than 50 percent of the principal amount of the loan at origination.<sup>11</sup>

A loan satisfying the criteria above, except a loan to a state or political subdivision in the U.S., is to be reported as a loan secured by real estate in Schedule HC-C, item 1, and related items in the Consolidated Income Statement, (1) regardless of whether the loan is secured by a first or a junior lien; (2) regardless of whether the loan was originated by the reporting bank holding company or purchased from others and, if originated by the reporting bank holding company, regardless of the department or subsidiary within the bank holding company or subsidiary that made the loan; (3) regardless of how the loan is categorized in the bank holding company’s records; (4) and regardless of the purpose of the financing. Only in a transaction where a lien or liens on real property (with an estimated collateral value greater than 50 percent of the loan’s principal amount at origination) have been taken as collateral solely through an abundance of caution and where the loan terms as a consequence have not been made more favorable than they would have been in the absence of the lien or liens, would the loan not be considered a loan secured by real estate for purposes of the FR Y-9C. In addition, when a loan is partially secured by a lien or liens on real property, but the estimated value of the real estate collateral at origination (after deducting any more senior liens held by others) is 50 percent or less of the principal amount of the loan at origination, the loan should not be categorized as a loan secured by real estate. Instead, the loan should be reported in one of the other loan categories used in these reports based on the purpose of the loan.

The following are examples of the application of the preceding guidance:

- (1) A subsidiary loans \$700,000 to construct and equip a building that will be used as a dental office. The loan

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11. Bank holding companies should apply this revised definition of “loan secured by real estate” prospectively beginning April 1, 2009. Loans reported on or before March 31, 2009, as loans secured by real estate need not be reevaluated and, if appropriate, recategorized into other loan categories on Schedule HC-C, Loans and Lease Financing Receivables.

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will be secured by both the real estate and the dental equipment. At origination, the estimated values of the building, upon completion, and the equipment are \$400,000 and \$350,000, respectively. The loan should be reported as a loan secured by real estate in Schedule HC-C, item 1.a.(2), “Other construction loans and all land development and other land loans.” In contrast, if the estimated values of the building and equipment at origination were \$340,000 and \$410,000, respectively, the loan should not be reported as a loan secured by real estate. Instead, the loan should be reported in Schedule HC-C, item 4, “Commercial and industrial loans.”

- (2) A subsidiary grants a \$25,000 line of credit and a \$125,000 term loan to a commercial borrower for working capital purposes on the same date. The loans will be cross-collateralized by equipment with an estimated value of \$40,000 and a third lien on the borrower’s residence, which has an estimated value of \$140,000 and first and second liens with unpaid balances payable to other lenders totaling \$126,000. The two loans should be considered together to determine whether they are secured by real estate. Because the estimated equity in the real estate collateral available to the subsidiary is \$14,000, the two cross-collateralized loans for \$150,000 should not be reported as loans secured by real estate. Instead, the loans should be reported in Schedule HC-C, item 4, “Commercial and industrial loans.”
- (3) A subsidiary grants a \$50,000 working capital loan and takes a first lien on a vacant commercial building lot as collateral. The estimated value of the lot is \$30,000. The loan should be reported as a loan secured by real estate in Schedule HC-C, item 1.a.(2), “Other construction loans and all land development and other land loans,” unless the lien has been taken as collateral solely through an abundance of caution and where the loan terms as a consequence have not been made more favorable than they would have been in the absence of the lien.
- (4) A subsidiary grants a \$10,000 home equity line of credit secured by a junior lien on a 1-4 family residential property. The subsidiary also has a loan to the same borrower that is secured by a first lien on the same 1-4 family residential property and has an unpaid principal balance of \$71,000. There are no intervening liens and the line of credit will be used

for household, family, and other personal expenditures. The estimated value of the residential property at the origination of the home equity line of credit is \$75,000. Consistent with the risk-based capital treatment of these loans, the two loans should be considered together to determine whether the home equity line of credit should be reported as a loan secured by real estate. Because the value of the collateral is greater than 50 percent of the first lien balance plus the amount of the home equity line of credit, loans extended under the line of credit should be reported as loans secured by real estate in Schedule HC-C, item 1.c.(1), “Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.” In contrast, if a creditor other than the subsidiary holds the first lien on the borrower’s property, the estimated value of the collateral to the subsidiary for the home equity line of credit would have been \$4,000 (\$75,000 less the \$71,000 first lien held by the other creditor), which is 50 percent or less of the amount of the line of credit at origination. In this case, the subsidiary should not report loans extended under the line of credit as loans secured by real estate in Schedule HC-C, item 1. Rather, the loans should be reported as “Loans to individuals for household, family, and other personal expenditures” in Schedule HC-C, item 6.b, “Other revolving credit plans.”

**Loss Contingencies:** A loss contingency is an existing condition, situation, or set of circumstances that involves uncertainty as to possible loss that will be resolved when one or more future events occur or fail to occur. An estimated loss (or expense) from a loss contingency (for example, pending or threatened litigation) must be accrued by a charge to income if it is probable that an asset has been impaired or a liability incurred as of the report date and the amount of the loss can be reasonably estimated.

A contingency that might result in a gain, for example, the filing of an insurance claim, shall not be recognized as income prior to realization.

For further information, see ASC Subtopic 450-20, Contingencies – Loss Contingencies (formerly FASB Statement No. 5, *Accounting for Contingencies*).

**Mandatory Convertible Debt:** See discussion of mandatory convertible securities in instructions for Schedule HC, item 19(a), “Subordinated notes and debentures.”

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**Market (Fair) Value of Securities:** The market value of securities should be determined, to the extent possible, by timely reference to the best available source of current market quotations or other data on relative current values. For example, securities traded on national, regional, or foreign exchanges or in organized over-the-counter markets should be valued at the most recently available quotation in the most active market. Rated securities for which no organized market exists should be valued on the basis of a yield curve estimate. Quotations from brokers or others making markets in securities that are neither widely nor actively traded are acceptable if prudently used. Unrated debt securities for which no reliable market price data are available may be valued at cost adjusted for amortization of premium or accretion of discount unless credit problems of the obligor or upward movements in the level of interest rates warrant a lower estimate of current value. Securities that are not marketable such as, Federal Reserve stock or equity securities in closely held businesses, should be valued at book or par value, as appropriate.

**Mergers:** See “Business combinations.”

**Money Market Deposit Account (MMDA):** See “Deposits.”

**Mortgages, Residential, Participations in Pools of:** See “Transfers of financial assets.”

**NOW Account:** See “Deposits.”

**Nonaccrual Status:** *General rule*—Bank holding companies on an accrual basis of reporting shall not accrue interest or discount on (1) any asset which is maintained on a cash basis because of deterioration in the financial position of the borrower, (2) any asset for which payment in full of interest or principal is not expected, or (3) any asset upon which principal or interest has been in default for a period of 90 days or more unless it is *both* well secured and in the process of collection.

An asset is “well secured” if it is secured (1) by collateral in the form of liens on or pledges of real or personal property, including securities, that have a realizable value sufficient to discharge the debt (including accrued interest) in full, or (2) by the guaranty of a financially responsible party. An asset is “in the process of collection” if collection of the asset is proceeding in due course either (1) through legal action, including judgment enforcement procedures, or, (2) in appropriate circumstances, through collection efforts not involving

legal action which are reasonably expected to result in repayment of the debt or in its restoration to a current status in the near future.

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

*Exceptions to the general rule*—In the following situations, an asset need not be placed in nonaccrual status:

- (1) The criteria for accrual of income under the interest method specified in ASC Subtopic 310-30, *Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality* (formerly AICPA Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*), are met for a purchased impaired loan or debt security accounted for in accordance with that Statement of Position, regardless of whether the loan or debt security had been maintained in nonaccrual status by its seller. For further information, see the Glossary entry for “purchased impaired loans and debt securities.”
- (2) The criteria for amortization (i.e., accretion of discount) specified in former AICPA Practice Bulletin No. 6, *Amortization of Discounts on Certain Acquired Loans*, are met with respect to a loan or other debt instrument accounted for in accordance with that Practice Bulletin that was acquired at a discount (because there is uncertainty as to the amounts or timing of future cash flows) from an unaffiliated third party (such as another institution or the receiver of a failed institution), including those that the seller had maintained in nonaccrual status.
- (3) The asset upon which principal or interest is due and unpaid for 90 days or more is a consumer loan (as defined for Schedule HC-C, item 6, “Loans to individuals for household, family, and other personal expenditures”) or a loan secured by a 1-to-4 family residential property (as defined for Schedule HC-C, item 1(c), Loans “Secured by 1-4 family residential

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properties”). Nevertheless, such loans should be subject to other alternative methods of evaluation to assure that the bank holding company’s net income is not materially overstated. However, to the extent that the bank holding company has elected to carry such a loan in nonaccrual status on its books, the loan must be reported as nonaccrual in Schedule HC-N.

*Treatment of previously accrued interest*—The reversal of previously accrued but uncollected interest applicable to any asset placed in nonaccrual status and the treatment of subsequent payments as either principal or interest should be handled in accordance with generally accepted accounting principles. Acceptable accounting treatment includes a reversal of all previously accrued but uncollected interest applicable to assets placed in a nonaccrual status against appropriate income and balance sheet accounts.

For example, one acceptable method of accounting for such uncollected interest on a loan placed in nonaccrual status is (1) to reverse all of the unpaid interest by crediting the “income earned, not collected on loans” account on the balance sheet, (2) to reverse the uncollected interest that has been accrued during the calendar year-to-date by debiting the appropriate “interest and fee income on loans” account on the income statement, and (3) to reverse any uncollected interest that had been accrued during previous calendar years by debiting the “allowance for loan and lease losses” account on the balance sheet. The use of this method presumes that bank holding company management’s additions to the allowance through charges to the “provision for loan and lease losses” on the income statement have been based on an evaluation of the collectability of the loan and lease portfolios and the “income earned, not collected on loans” account.

*Treatment of cash payments and criteria for the cash basis recognition of income*—When doubt exists as to the collectibility of the remaining recorded investment in an asset in nonaccrual status, any payments received must be applied to reduce the recorded investment in the asset to the extent necessary to eliminate such doubt. Placing an asset in nonaccrual status does *not*, in and of itself, require a charge-off, in whole or in part, of the asset’s recorded investment. However, any identified losses must be charged off.

While an asset is in nonaccrual status, some or all of the cash interest payments received may be treated as interest income on a cash basis as long as the remaining recorded

investment in the asset (i.e., after charge-off of identified losses, if any) is deemed to be fully collectible.<sup>12</sup> A bank holding company’s determination as to the ultimate collectibility of the asset’s remaining recorded investment must be supported by a current, well documented credit evaluation of the borrower’s financial condition and prospects for repayment, including consideration of the borrower’s historical repayment performance and other relevant factors.

When recognition of interest income on a cash basis is appropriate, it should be handled in accordance with generally accepted accounting principles. One acceptable practice involves allocating contractual interest payments among interest income, reduction of the recorded investment in the asset, and recovery of prior charge-offs. If this method is used, the amount of income that is recognized would be equal to that which would have been accrued on the asset’s remaining recorded investment at the contractual rate. A bank holding company may also choose to account for the contractual interest in its entirety either as income, reduction of the recorded investment in the asset, or recovery of prior charge-offs, depending on the condition of the loan, consistent with its accounting policies for other financial reporting purposes.

*Restoration to accrual status*—As a general rule, a nonaccrual asset may be restored to accrual status when (1) none of its principal and interest is due and unpaid, and the bank holding company expects repayment of the remaining contractual principal and interest, or (2) when it otherwise becomes well secured and in the process of collection. If any interest payments received while the asset was in nonaccrual status were applied to reduce the recorded investment in the asset, as discussed in the preceding section of this entry, the application of these payments to the asset’s recorded investment should not be reversed (and interest income should not be credited) when the asset is returned to accrual status.

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12. An asset subject to the cost recovery method required by former AICPA Practice Bulletin No. 6 or ASC Subtopic 325-40, Investments-Other – Beneficial Interests in Securitized Financial Assets (formerly Emerging Issues Task Force Issue No. 99-20, *Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets*), should follow that method for reporting purposes. In addition, when a purchased impaired loan or debt security that is accounted for in accordance with ASC Subtopic 310-30 has been placed on nonaccrual status, the cost recovery method should be used, when appropriated.

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For purposes of meeting the first test, the bank holding company must have received repayment of the past due principal and interest unless, as discussed below, (1) the asset has been formally restructured and qualifies for accrual status, (2) the asset is a purchased impaired loan or debt security accounted for in accordance with ASC Subtopic 310-30 and it meets the criteria for accrual of income under the interest method specified therein (3) the asset has been acquired at a discount (because there is uncertainty as to the amounts or timing of future cash flows) from an unaffiliated third party, is accounted for in accordance with former AICPA Practice Bulletin No. 6, and meets the criteria for amortization (i.e., accretion of discount) specified therein, or (4) the borrower has resumed paying the full amount of the scheduled contractual interest and principal payments on a loan that is past due and in nonaccrual status, even though the loan has not been brought fully current, and the following two criteria are met. These criteria are, first, that all principal and interest amounts contractually due (including arrearages) are reasonably assured of repayment within a reasonable period and, second, that there is a sustained period of repayment performance (generally a minimum of six months) by the borrower in accordance with the contractual terms involving payments of cash or cash equivalents. A loan that meets these two criteria may be restored to accrual status but must continue to be disclosed as past due in Schedule HC-N until it has been brought fully current or until it later must be placed in nonaccrual status.

A loan or other debt instrument that has been formally restructured so as to be reasonably assured of repayment (of principal and interest) and of performance according to its modified terms need not be maintained in nonaccrual status, provided the restructuring is supported by a current, well documented credit evaluation of the borrower's financial condition and prospects for repayment under the revised terms. Otherwise, the restructured asset must remain in nonaccrual status. The evaluation must include consideration of the borrower's sustained historical repayment performance for a reasonable period prior to the date on which the loan or other debt instrument is returned to accrual status. (In returning the asset to accrual status, sustained historical payment performance for a reasonable time prior to the restructuring may be taken into account.) Such a restructuring must improve the collectibility of the loan or other debt instrument in accordance with a reasonable repayment schedule and

does not relieve the holding company from the responsibility to promptly charge off all identified losses.

A formal restructuring may involve a multiple note structure in which, for example, a troubled loan is restructured into two notes. The first or "A" note represents the portion of the original loan principal amount that is expected to be fully collected along with contractual interest. The second or "B" note represents the portion of the original loan that has been charged off and, because it is not reflected as an asset and is unlikely to be collected, could be viewed as a contingent receivable. The "A" note may be returned to accrual status provided the conditions in the preceding paragraph are met and: (1) there is economic substance to the restructuring and it qualifies as a troubled debt restructuring under generally accepted accounting principles, (2) the portion of the original loan represented by the "B" note has been charged off before or at the time of the restructuring, and (3) the "A" note is reasonably assured of repayment and of performance in accordance with the modified terms.

Until the restructured asset is restored to accrual status, if ever, cash payments received must be treated in accordance with the criteria stated above in the preceding section of this entry. In addition, after a formal restructuring, if a restructured asset that has been returned to accrual status later meets the criteria for placement in nonaccrual status as a result of past due status based on its modified terms or for other reasons, the asset must be placed in nonaccrual status. For further information on formally restructured assets, see the Glossary entry for "Troubled Debt Restructuring."

*Treatment of multiple extensions of credit to one borrower*—As a general principle, nonaccrual status for an asset should be determined based on an assessment of the individual asset's collectibility and payment ability and performance. Thus, when one loan to a borrower is placed in nonaccrual status, a bank holding company or its subsidiaries do not automatically have to place all other extensions of credit to that borrower in nonaccrual status. When a depository institution has multiple loans or other extensions of credit outstanding to a single borrower, and one loan meets criteria for nonaccrual status, the depository institution should evaluate its other extensions of credit to that borrower to determine whether one or more of these other assets should also be placed in nonaccrual status.

**Noninterest-Bearing Account:** See "Deposits."

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# Glossary

**Nontransaction Account:** See “Deposits.”

**Notes and Debentures Subordinated to Deposits:** See “Subordinated notes and debentures.”

**Offsetting:** Offsetting is the reporting of assets and liabilities on a net basis in the balance sheet. Bank holding companies are permitted to offset assets and liabilities recognized in the balance sheet when a “right of setoff” exists. Under ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*), a right of setoff exists when all of the following conditions are met:

- (1) Each party owes the other determinable amounts. Thus, only bilateral netting is permitted.
- (2) The reporting party has the right to set off the amount owed with the amount owed by the other party.
- (3) The reporting party intends to set off. This condition does not have to be met for fair value amounts recognized for conditional or exchange contracts that have been executed with the same counterparty under a master netting arrangement.
- (4) The right of setoff is enforceable at law. Legal constraints should be considered to determine whether the right of setoff is enforceable. Accordingly, the right of setoff should be upheld in bankruptcy (or receivership). Offsetting is appropriate only if the available evidence, both positive and negative, indicates that there is reasonable assurance that the right of setoff would be upheld in bankruptcy (or receivership).

According to ASC Subtopic 210-20, for forward, interest rate swap, currency swap, option, and other conditional and exchange contracts, a master netting arrangement exists if the reporting bank holding company has multiple contracts, whether for the same type of conditional or exchange contract or for different types of contracts, with a single counterparty that are subject to a contractual agreement that provides for the net settlement of all contracts through a single payment in a single currency in the event of default or termination of any one contract.

Offsetting the assets and liabilities recognized for conditional or exchange contracts outstanding with a single counterparty results in the net position between the two counterparties being reported as an asset or a liability on the balance sheet. The reporting entity’s choice to offset

or not to offset assets and liabilities recognized for conditional or exchange contracts must be applied consistently.

Offsetting of assets and liabilities is also permitted by other pronouncements identified in ASC Subtopic 210-20. These pronouncements apply to such items as leverage leases, pension plan and other postretirement benefit plan assets and liabilities, and deferred tax assets and liabilities. In addition, ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 41, *Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements*), describes the circumstances in which amounts recognized as payables under repurchase agreements may be offset against amounts recognized as receivables under reverse repurchase agreements and reported as a net amount in the balance sheet. The reporting entity’s choice to offset or not to offset payables and receivables under ASC Subtopic 210-20 must be applied consistently.

According to the AICPA Audit and Accounting Guide for Depository and Lending Institutions, ASC Subtopic 210-20 does not apply to securities borrowing or lending transactions. Therefore, for purposes of filing bank holding company reports, bank holding companies should not offset securities borrowing and lending transactions in the balance sheet unless all the conditions set forth in ASC Subtopic 210-20 are met.

**One-Day Transaction:** See “Federal funds transactions.”

**Option:** See “Futures, forward, and standby contracts.”

**Organization Costs:** See “Start-up Activities.”

**Other Real Estate Owned:** See “Foreclosed Assets” and the instructions to Schedule HC-M, item 13.

**Overdraft:** An overdraft can be either planned or unplanned. An unplanned overdraft occurs when a depository institution honors a check or draft drawn against a deposit account when insufficient funds are on deposit and there is no advance contractual agreement to honor the check or draft. When a contractual agreement has been made in advance to allow such credit extensions, overdrafts are referred to as planned or pre-arranged. Any overdraft, whether planned or unplanned, is an extension of credit and is to be treated and reported as a “loan” rather than being treated as a negative deposit balance.

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Planned overdrafts are to be classified in Schedule HC-C by type of loan according to the nature of the overdrawn depositor. For example, a planned overdraft by a commercial customer is to be classified as a “commercial and industrial loan.”

Unplanned overdrafts in depositors’ accounts are to be classified in Schedule HC-C, item 9, “All other loans,” unless the depositor is a depository institution or a foreign government or official institution. Such unplanned overdrafts would be reported in Schedule HC-C, item 2, “Loans to depository institutions and acceptances of other banks” and item 7, “Loans to foreign governments and official institutions.”

For purposes of treatment of overdrafts, separate transaction accounts of a single depositor that are established under a bona fide cash management arrangement are regarded as a single account rather than multiple or separate accounts. In such a situation, an overdraft in one of the accounts of a single customer is netted against the related transaction accounts of the customer and an extension of credit is regarded as arising only if, and to the extent, the combined accounts of the customer are overdrawn.

The consolidated bank holding company’s overdrafts on deposit accounts it holds with other depository institutions that are not consolidated on the reporting holding company’s FR Y-9C (i.e., its “due from” accounts) are to be reported as borrowings in Schedule HC, item 16, except overdrafts arising in connection with checks or drafts drawn by subsidiary depository institutions of the reporting bank holding company and drawn on, or payable at or through, another depository institution either on a zero-balance account or on an account that is not routinely maintained with sufficient balances to cover checks or drafts drawn in the normal course of business during the period until the amount of the checks or drafts is remitted to the other depository institution (in which case, report the funds received or held in connection with such checks or drafts as deposits in Schedule HC-E until the funds are remitted).

**Participations:** See “Transfers of financial assets.”

**Participations in Acceptances:** See “Bankers’ acceptances.”

**Participations in Pools of Securities:** See “Repurchase/resale agreements.”

**Pass-through Reserve Balances:** Under the Monetary Control Act of 1980, and as reflected in Federal Reserve Regulation D, depository institutions that are members of the Federal Reserve System must hold their balances maintained to satisfy reserve balance requirements (in excess of vault cash) directly with a Federal Reserve Bank. However, nonmember depository institutions may hold their balances maintained to satisfy reserve balance requirements (in excess of vault cash) in one of two ways: either (1) directly with a Federal Reserve Bank or (2) indirectly in an account with another institution (referred to here as a “correspondent”), which, in turn, is required to pass the reserves through to a Federal Reserve Bank. This second type of account is called a “pass-through account,” and a depository institution passing its reserves to the Federal Reserve through a correspondent is referred to as a “respondent.” This pass-through reserve relationship is legally and for supervisory purposes considered to constitute an asset/debt relationship between the respondent and the correspondent, and an asset/debt relationship between the correspondent and the Federal Reserve. The required reporting of the “pass-through reserve balances” reflects this structure of asset/debt relationships.

The reporting of pass-through reserve balances by correspondent and respondent banks differs from the required reporting of excess balance accounts by participants and agents, which is described in the Glossary entry for “excess balance accounts.”

**Perpetual Debt:** Perpetual debt is an unsecured debt instrument of the bank holding company or its subsidiaries that, if issued by a bank, must also be subordinated to the claims of the depositors. The major characteristics are described below:

- (1) The debt instrument cannot provide the note-holder the right to demand repayment of principal except in the event of bankruptcy, insolvency, or reorganization.
- (2) The issuer can *not* voluntarily redeem the debt issue without prior approval of the Federal Reserve, *unless* the debt is converted to, exchanged for, or simultaneously replaced in like amount by an issue of common or perpetual preferred stock of the issuer or the issuer’s parent company.
- (3) When issued by the bank holding company, a bank subsidiary, or a subsidiary with substantial operations, the debt instrument must contain a provision

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permitting interest payments to be deferred when dividends on all outstanding common or preferred stock of the issuer have been eliminated.

- (4) When issued by a bank holding company or a subsidiary with substantial operations, the instrument must convert automatically to common or perpetual preferred stock of the issuer when the issuer's retained earnings and surplus accounts become negative.

For a complete discussion of the criteria for determining the capital status of perpetual debt, see 12 CFR, Part 225, Appendix B.

**Perpetual Preferred Stock:** See "Preferred stock."

**Policyholder:** A policyholder is the party that owns an insurance policy.

**Pooling of Interests:** See "Business combinations."

**Pools of Residential Mortgages, Participations in:** See "Transfers of financial assets."

**Pools of Securities, Participations in:** See "Repurchase/resale agreements."

**Preauthorized Transfer Account:** See "Deposits."

**Preferred Stock:** Preferred stock is a form of ownership interest in a bank holding company or other company which entitles its holders to some preference or priority over the owners of common stock, usually with respect to dividends or asset distributions in a liquidation.

Limited-life preferred stock is preferred stock that has a stated maturity date or that can be redeemed at the option of the holder. It excludes those issues of preferred stock that automatically convert into perpetual preferred stock or common stock at a stated date.

Perpetual preferred stock is preferred stock that does not have a stated maturity date or that cannot be redeemed at the option of the holder. It includes those issues of preferred stock that automatically convert into common stock at a stated date.

**Premiums and Discounts:** A premium arises when a bank holding company or its consolidated subsidiaries purchase a security, loan, or other asset at a price in excess of its par or face value, typically because the current level of interest rates for such assets is less than its contract or stated rate of interest. The difference between the purchase price and par or face value repre-

sents the premium which all consolidated bank holding companies are required to amortize.

A discount arises when a consolidated bank holding company purchases a security, loan, or other asset at a price below its par or face value, typically because the current level of interest rates for such assets is greater than its contract or stated rate of interest. A discount is also present on instruments that do not have a stated rate of interest such as U.S. Treasury bills and commercial paper. The difference between par or face value and the purchase price represents the discount which all bank holding companies on the accrual basis of accounting are required to accrete.

Premiums and discounts are accounted for as adjustments to the yield on an asset over the life of the asset. A premium must be amortized and a discount must be accreted from date of purchase or maturity, *not* to the call or put date. The preferable method for amortizing premiums and accreting discounts involves the use of the interest method for accruing income on the asset. The objective of the interest method is to produce a constant yield or rate of return on the carrying value of the asset (par or face value plus unamortized premium or less unaccreted discount) at the beginning of each amortization period over the asset's remaining life. The difference between the periodic interest income that is accrued on the asset and interest at the stated rate is the periodic amortization or accretion. However, a straight-line method of amortization or accretion is acceptable if the results are not materially different from the interest method.

Deferred income taxes applicable to timing differences between the amounts of discount accreted for purposes of these reports and for income tax purposes must be recognized in each year-end reporting period and included in item 9, "Applicable income taxes (foreign and domestic)," in Schedule HI of the Consolidated Income Statement.

A premium or discount may also arise when the reporting bank holding company or its consolidated subsidiaries, acting either as a lender or a borrower, are involved in an exchange of a note for assets other than cash and the interest rate is either below the market rate or not stated, or the face amount of the note is materially different from the fair value of the noncash assets exchanged. The noncash assets and the related note shall be recorded at either the fair value of the noncash assets or the market

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value of the note, whichever is more clearly determinable. The market value of the note would be its present value as determined by discounting all future payments on the note using an appropriate interest rate, i.e., a rate comparable to that on new loans of similar risk. The difference between the face amount and the recorded value of the note is a premium or discount. This discount or premium shall be accounted for as an adjustment of the interest income or expense over the life of the note using the interest method described above.

For further information, see ASC Subtopic 835-30, Interest – Imputation of Interest (formerly APB Opinion No. 21, *Interest on Receivables and Payables*).

**Purchase Acquisition:** See “Business combinations.”

**Purchased Impaired Loans and Debt Securities:** Purchased impaired loans and debt securities are loans and debt securities that a bank holding company has purchased, including those acquired in a purchase business combination, where there is evidence of deterioration of credit quality since the origination of the loan or debt security and it is probable, at the purchase date, that the bank holding company will be unable to collect all contractually required payments receivable. Such loans and debt securities acquired in fiscal years beginning after December 15, 2004, must be accounted for in accordance with ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*). ASC Subtopic 310-30 does not apply to loans that a bank has originated.

Under ASC Subtopic 310-30, a purchased impaired loan or debt security is initially recorded at its purchase price (in a purchase business combination, the present value of amounts to be received). ASC Subtopic 310-30 limits the yield that may be accreted on the loan or debt security (the accretable yield) to the excess of the bank holding company’s estimate of the undiscounted principal, interest, and other cash flows expected at acquisition to be collected on the asset over the bank holding company’s initial investment in the asset. The excess of contractually required cash flows over the cash flows expected to be collected on the loan or debt security, which is referred to as the nonaccretable difference, must not be recognized as an adjustment of yield, loss accrual, or valuation allowance. Neither the accretable yield nor the nonaccretable difference may be shown on the balance sheet

(Schedule HC). After acquisition, increases in the cash flows expected to be collected generally should be recognized prospectively as an adjustment of the asset’s yield over its remaining life. Decreases in cash flows expected to be collected should be recognized as an impairment.

ASC Subtopic 310-30 does not prohibit a bank holding company from placing purchased impaired loans and debt securities in nonaccrual status. Because a loan or debt security accounted for in accordance with ASC Subtopic 310-30 has evidence of deterioration of credit quality since origination, a purchasing bank holding company must determine upon acquisition whether it is appropriate to recognize the accretable yield as income over the life of the loan or debt security using the interest method. In order to apply the interest method, the bank holding company must have sufficient information to reasonably estimate the amount and timing of the cash flows expected to be collected on a purchased impaired loan or debt security. When the amount and timing of the cash flows cannot be reasonably estimated at acquisition, the bank holding company should place the loan or debt security in nonaccrual status and then apply the cost recovery method or cash basis income recognition to the asset. In addition, if a purchased impaired loan or debt security is acquired primarily for the rewards of ownership of the underlying collateral, accrual of income is inappropriate and the loan or debt security should be placed in nonaccrual status. When accrual of income on a purchased impaired loan or debt security is appropriate (either at acquisition or at a later date when the amount and timing of the cash flows can be reasonably estimated), the delinquency status of the asset should be determined in accordance with its contractual repayment terms for purposes of Schedule HC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets.

ASC Subtopic 310-30 prohibits a bank holding company from “carrying over” or creating loan loss allowances in the initial accounting for purchased impaired loans. This prohibition applies to the purchase of an individual impaired loan, a pool or group of impaired loans, and impaired loans acquired in a business combination. However, if, upon evaluation of a purchased impaired loan held for investment (and not accounted for as a debt security) subsequent to acquisition, based on current information and events, it is probable that a bank holding company is unable to collect all cash flows expected at acquisition (plus additional cash flows expected to be

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collected arising from changes in estimate after acquisition) on the loan, the purchased impaired loan should be considered impaired for purposes of establishing an allowance pursuant to ASC Subtopic 450-20, Contingencies – Loss Contingencies (formerly FASB Statement No. 5, *Accounting for Contingencies*) or ASC Topic 310, Receivables (formerly FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan*), as appropriate. Bank holding companies should include such post-acquisition allowances in the bank holding company's allowance for loan and lease losses as reported in Schedule HC, item 4(c), and Schedule HI-B, part II, item 7, and disclose the amount of these allowances in Schedule HI-B, part II, Memorandum item 4.

In Schedule HC-C, Loans and Leases, bank holding companies should report the carrying amount (before any loan loss allowance) of, i.e., the recorded investment in, a purchased impaired loan in the appropriate loan category (items 1 through 9). Neither the accretible yield nor the nonaccretible difference associated with a purchased impaired loan should be reported as unearned income in Schedule HC-C, item 11. In addition, bank holding companies should report in Schedule HC-C, Memorandum items 5(a) and 5(b), the outstanding balance and carrying amount (before any loan loss allowance), respectively, of all purchased impaired loans reported as held for investment in Schedule HC-C.

For further information, refer to ASC Subtopic 310-30.

**Put Option:** See “Futures, forward, and standby contracts.”

**Real Estate, Loan Secured By:** See “Loans secured by real estate.”

**Reciprocal Balances:** Reciprocal balances arise when two depository institutions maintain deposit accounts with each other, that is, when a subsidiary bank of the consolidated bank holding company has both a due to and a due from balance with another depository institution. For purposes of the FR Y-9C, reciprocal balances between subsidiaries of the reporting bank holding company and unrelated banks should be reported in accordance with generally accepted accounting principles.

GAAP permits financial institutions to net reciprocal balances where right of offset exists.

For a definition of “Commercial banks in the U.S.,” see the Glossary entry for “Banks, U.S. and foreign.”

**Reinsurance:** Reinsurance is the transfer, with indemnification, of all or part of the underwriting risk from one insurer to another for a portion of the premium or other consideration. Reinsurance contracts may be on an excess-of-loss or quota-share basis, the latter being when the primary underwriter and the reinsurer proportionately share all insured losses from the first dollar. Reinsurance includes insurance coverage arranged by a bank holding company affiliate such as a mortgage reinsurance company, underwritten by another underwriter and then returned or ceded in part or whole back to the mortgage reinsurance affiliate.

**Reinsurance Recoverables:** Reinsurance recoverables represent reimbursements expected by insurance underwriters, under reinsurance contracts governing underwriting coverage ceded to another insurer, for paid and unpaid claims, claim settlement expenses and other policy benefits. Reinsurance recoverables do not include insurance payments expected by the bank holding company as a result of policy claims filed by the company with insurance underwriters.

**Renegotiated “Troubled” Debt:** See “Troubled debt restructuring.”

**Reorganizations:** See “Business combinations.”

**Repurchase Agreements to Maturity and Long-Term Repurchase Agreements:** See “Repurchase/resale agreements.”

**Repurchase/Resale Agreements:** A repurchase agreement is a transaction involving the “sale” of financial assets by one party to another, subject to an agreement by the “seller” to repurchase the assets at a specified date or in specified circumstances. A resale agreement (also known as a reverse repurchase agreement) is a transaction involving the “purchase” of financial assets by one party from another, subject to an agreement by the “purchaser” to resell the assets at a specified date or in specified circumstances.

As stated in the AICPA's *Audit and Accounting Guide for Banks and Savings Institutions*, dollar repurchase agreements (also called dollar rolls) are agreements to sell and repurchase similar but not identical securities. The dollar roll market consists primarily of agreements that involve mortgage-backed securities (MBS). Dollar rolls differ from regular repurchase agreements in that the securities sold and repurchased, which are usually of the same

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issuer, are represented by different certificates, are collateralized by different but similar mortgage pools (for example, single-family residential mortgages) and generally have different principal amounts.

*General rule*—Consistent with ASC Topic 860, *Transfers and Servicing* (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, as amended), repurchase and resale agreements involving financial assets (e.g., securities and loans), including dollar repurchase agreements, are either reported as (a) secured borrowings and loans or (b) sales and forward repurchase commitments based on whether the transferring (“selling”) institution maintains control over the transferred assets. (See Glossary entry for “transfers of financial assets” for further discussion of control criteria).

If a repurchase agreement both entitles and obligates the “selling” institution to repurchase or redeem the transferred assets from the transferee (“purchaser”) the “selling” institution should report the transaction as a secured borrowing if and only if the following conditions have been met:

- (1) The assets to be repurchased or redeemed are the same or “substantially the same” as those transferred, as defined by ASC Topic 860.
- (2) The “selling” institution has the ability to repurchase or redeem the transferred assets on substantially the agreed terms, even in the event of default by the transferee (“purchaser”). This ability is presumed to exist if the “selling” institution has obtained cash or other collateral sufficient to fund substantially all of the cost of purchasing replacement assets from others.
- (3) The agreement is to repurchase or redeem the transferred assets before maturity, at a fixed or determinable price.
- (4) The agreement is entered into concurrently with the transfer.

Participations in pools of securities are to be reported in the same manner as security repurchase/resale transactions.

*Repurchase agreements reported as secured borrowings.*—If a repurchase agreement qualifies as a secured borrowing, the “selling” institution should report

the transaction as indicated below based on whether the agreement involves a security or some other financial asset.

- (1) Securities “sold” under agreements to repurchase are reported in Schedule HC, item 14(b), “Securities sold under agreements to repurchase.”
- (2) Financial assets (other than securities) “sold” under agreements to repurchase are reported as follows:
  - (a) If the repurchase agreement has an original maturity of one business day (or is under a continuing contract) and is in immediately available funds, it should be reported in Schedule HC, item 14(a), “Federal funds purchased (in domestic offices),” if it is a domestic office, and in Schedule HC, item 16, “Other borrowed money,” if it is a foreign office.
  - (b) If the repurchase agreement has an original maturity of more than one business day or is not in immediately available funds, it should be reported in Schedule HC, item 16, “Other borrowed money.”

In addition, the “selling” institution may need to record further entries depending on the terms of the agreement. If the “purchaser” has the right to sell or repledge noncash assets, the “selling” institution should recategorize the transferred financial assets as “assets receivable” and report them in Schedule HC, item 11, “Other assets.” Otherwise, the financial assets should continue to be reported in the same asset category as before the transfer (e.g., securities should continue to be reported in Schedule HC, item 2, “Securities,” or item 5, “Trading Assets,” as appropriate).

*Resale agreements reported as secured borrowings.*—Similarly, if a resale agreement qualifies as a secured borrowing, the “purchasing” institution should report the transaction as indicated below based on whether the agreement involves a security of some other financial asset.

- (1) Securities “purchased” under agreements to resell reported in Schedule HC, item 3(b), “Securities purchased under agreements to resell.”
- (2) Financial assets (other than securities) “purchased” under agreements to resell are reported as follows:
  - (a) If the resale agreement has an original maturity of one business day (or is under a continuing

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contract) and is in immediately available funds, it should be reported in Schedule HC, item 3(a), “Federal funds sold (in domestic offices),” if it is in a domestic office, and in Schedule HC, item 4(b), “Loans and leases, net of unearned income,” if it is a foreign office.

- (b) If the resale agreement has an original maturity of more than one business day or is not in immediately available funds, it should be reported in Schedule HC, item 4(b), “Loans and leases, net of unearned income.”

In addition, the “purchasing” institution may need to record further entries depending on the terms of agreement. If the “purchasing” institution has the right to sell the noncash assets it has “purchased” and sells these assets, it should recognize the proceeds from the sale and report its obligation to return the assets in Schedule HC, item 20, “Other liabilities.” If the “selling” institution defaults under the terms of the repurchase agreement and is no longer entitled to redeem the noncash assets, the “purchasing” institution should recognize these assets on its own balance sheet (e.g., securities should be reported in Schedule HC, item 2, “Securities,” or item 5, “Trading assets,” as appropriate) and initially measure them at fair value. However, if the “purchasing” institution has already sold the assets it has “purchased,” it should derecognize its obligation to return the assets. Otherwise, the “purchasing” institution should not recognize the transferred financial assets (i.e., the financial assets “purchased” under the resale agreement) on its balance sheet.

*Repurchase/resale agreements reported as sales.*—If a repurchase agreement does not qualify as a secured borrowing under ASC Topic 860, the selling institution should account for the transaction as a sale of financial assets and a forward repurchase commitment. The selling institution should remove the transferred assets from its balance sheet, record the proceeds from the sale of transferred assets (including the forward repurchase commitment) and record any gain or loss on the transaction. Similarly, if a resale agreement does not qualify as a borrowing under ASC Topic 860, the purchasing institution should account for the transaction as a purchase of financial assets and a forward resale commitment. The purchasing institution should record the transferred assets on its balance sheet and initially measure them at fair value, record the payment for the purchased assets (including the forward resale commitment).

**Reserve Balances, Pass-through:** See “Pass-through reserve balances.”

**Sales of Assets for Risk-Based Capital Purposes:** This entry should be read in conjunction with the Federal Reserve’s final rule revising the regulatory capital treatment of recourse arrangements and direct credit substitutes, including residual interests and credit-enhancing interest-only strips, which was published on November 29, 2001. This entry provides guidance for determining whether sales of loans, securities, receivables, and other assets are subject to the agencies’ risk-based capital standards and are reportable in Schedule HC-R, Regulatory Capital, and Schedule HC-S, Servicing, Securitization and Asset Sale Activities. For information on the reporting of transfers of financial assets for purposes of the balance sheet, income statement, and related schedules, see the Glossary entry for “transfers of financial assets.”

For purposes of reporting in Schedules HC-R and HC-S, some transfers of assets that qualify as sales under generally accepted accounting principles are subject to the capital guidelines because they meet the following definition of “recourse” that is set forth in those guidelines.

*Definition of “recourse” for risk-based capital purposes*—As defined in capital guidelines, recourse means an arrangement in which a bank holding company retains, in form or in substance, any credit risk directly or indirectly associated with an asset it has sold (in accordance with generally accepted accounting principles) that exceeds a pro rata share of the bank holding company’s claim on the asset. If a bank holding company has no claim on an asset it has sold, then the retention of any credit risk is recourse.

A recourse obligation typically arises when an institution transfers assets on a sale and retains an obligation to repurchase the assets or absorb losses due to a default of principal or interest or any other deficiency in the performance of the underlying obligor or some other party. Recourse may also exist implicitly where a bank holding company provides credit enhancement beyond any contractual obligation to support assets it has sold.

The following are examples of recourse arrangements:

- (1) Credit-enhancing representations and warranties made on the transferred assets, i.e., representations and warranties that are made in connection with a transfer

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of assets (including loan servicing assets) and that obligate a bank holding company to protect investors from losses arising from credit risk in the assets transferred or the loans serviced. Credit-enhancing representations and warranties include promises to protect a party from losses resulting from the default or nonperformance of another party or from an insufficiency in the value of collateral. Credit-enhancing representations and warranties do not include:

- (a) Early-default clauses and similar warranties that permit the return of, or premium refund clauses covering, qualifying 1–4 family residential first mortgage loans, i.e., those that qualify for a 50 percent risk weight for risk-based capital purposes, for a period of 120 days from the date of transfer. These warranties may cover only those loans that were originated within 1 year of the date of transfer.
  - (b) Premium refund clauses covering assets guaranteed, in whole or in part, by the U.S. Government, a U.S. Government agency, or a U.S. Government-sponsored agency, provided the premium refund clauses are for a period not to exceed 120 days from the date of transfer.
  - (c) Warranties that permit the return of assets in instances of fraud, misrepresentation, or incomplete documentation.
- (2) Loan servicing assets retained pursuant to an agreement under which the bank holding company does one or more of the following:
- (a) Is responsible for losses associated with the loans serviced.
  - (b) Is responsible for making mortgage servicer cash advances, i.e., funds that a residential mortgage servicer advances to ensure an uninterrupted flow of payments or the timely collection of residential mortgage loans, including disbursements made to cover foreclosure costs or other expenses arising from a mortgage loan to facilitate its timely collection. A mortgage servicer cash advance is not a recourse obligation if:
    - (i) the mortgage servicer is entitled to full reimbursement or, for any one residential mortgage loan, nonreimbursable advances are

limited to an insignificant amount of the outstanding principal on that loan, and

- (ii) the servicer's entitlement to reimbursement is not subordinated.
  - (c) Makes credit-enhancing representations and warranties on the serviced loans.
- (3) Retained subordinated interests that absorb more than their pro rata share of losses from the underlying assets.
- (4) Assets sold under an agreement to repurchase, if the assets are not already included on the balance sheet.
- (5) Loan strips sold without contractual recourse where the maturity of the transferred portion of the loan is shorter than the maturity of the commitment under which the loan is drawn.
- (6) Credit derivative contracts under which the bank holding company retains more than its pro rata share of credit risk on transferred assets.
- (7) Clean-up calls, except that calls that are exercisable at the option of the bank holding company (as servicer or as an affiliate of the servicer) only when the pool balance is 10 percent or less of the original pool balance are not recourse.

In addition, all recourse arrangements in the form of on-balance sheet assets are “residual interests.” The capital guidelines define “residual interest” to mean any on-balance sheet asset that represents an interest (including a beneficial interest) created by a transfer that qualifies as a sale (in accordance with generally accepted accounting principles) of financial assets, whether through a securitization or otherwise, and that exposes a bank holding company to credit risk directly or indirectly associated with the transferred asset that exceeds a pro rata share of the bank holding company's claim on the asset, whether through subordination provisions or other credit enhancement techniques. In general, residual interests include credit-enhancing interest-only strips, spread accounts, cash collateral accounts, retained subordinated interests, other forms of overcollateralization, accrued but uncollected interest on transferred assets that (when collected) will be available to serve in a credit-enhancing capacity, and similar on-balance sheet assets that function as a credit enhancement.

If an asset transfer that qualifies for sale treatment under

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generally accepted accounting principles meets the preceding definition of “recourse,” the transaction *must* be treated as an “asset sale with recourse” for purposes of reporting risk-based capital information in Schedule HC-R. The transaction must also be reported as an asset sale with recourse in Schedule HC-S, item 1 or item 11, as appropriate, depending on whether the asset was securitized by the reporting institution.

Assets transferred in transactions that do not qualify as sales under generally accepted accounting principles should continue to be reported as assets on the balance sheet and are subject to the capital guidelines.

*Summary Description of the Risk-Based Capital Treatment of Recourse Arrangements*—Under the capital guidelines, in general, a bank holding company must hold risk-based capital against the entire outstanding amount of the assets sold with recourse. However, some of the exceptions to this general rule include the following:

- (1) Under the low-level exposure provisions of the capital guidelines, the risk-based capital requirement for a recourse arrangement is limited to the maximum contractual loss exposure when this amount is less than the amount of risk-based capital that would be required to be held against the entire outstanding amount of the assets sold.
- (2) For a residual interest or other recourse exposure in a securitization (other than a credit-enhancing interest-only strip) that qualifies for the ratings-based approach, the required amount of risk-based capital is determined based on the relative risk of loss of the residual interest or other recourse exposure.
- (3) For a residual interest that does not qualify for the ratings-based approach, including a credit-enhancing interest-only strip that is not deducted from Tier 1 capital under the concentration limit, the residual interest is subject to a dollar-for-dollar capital charge.
- (4) Under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994, risk-based capital must be held against the amount of recourse retained on small business obligations transferred with recourse.

For further information on the reporting of recourse arrangements for risk-based capital calculation purposes, refer to the instructions for Schedule HC-R, Regulatory

Capital, including the sections of instructions on “Risk-Weighted Assets” and “Balance Sheet Asset Categories” and the instructions for the following Schedule HC-R items:

- Item 49, “Retained recourse on small business obligations sold with recourse;”
- Item 50, “Recourse and direct credit substitutes (other than financial standby letters of credit) subject to the low level exposure rule and residual interests subject to a dollar-for-dollar capital requirement;” and
- Item 51, “All other financial assets sold with recourse.”

*Interpretations and illustrations of the definition of “recourse” for risk-based capital purposes:*

- (1) For any given asset transfer, the determination of whether credit risk is retained by the transferring institution in excess of a pro rata share of its claim on the asset is to be based upon the substance of the transfer agreement or other relevant documents or informal commitments and understandings, or subsequent actions of the parties to the transactions, not upon the form or particular terminology used. The presence of a bona fide “sale with recourse” provision would establish the transaction as an asset sale with recourse for purposes of risk-based capital and Schedules HC-R and HC-S. However, the absence of a recourse provision, the absence of the term “recourse,” even the presence of a statement to the effect that there is no recourse or, in the case of a participation, the use of the terms “pass-through” or “pure pass-through” will *not* by themselves establish a transaction as a sale that is not subject to risk-based capital. If other conditions and provisions of the transfer are such as to leave the transferor with credit risk as described in the definition of recourse, the transfer is an asset sale with recourse for purposes of risk-based capital and Schedules HC-R and HC-S.
- (2) If assets are sold subject to specific contractual terms that limit the seller’s recourse liability to *a percentage of the amount of assets sold or to a specific dollar amount and this percentage or amount exceeds a pro rata share of the seller’s claim on the assets*, the transaction represents an asset sale with recourse for risk-based capital purposes. For example, if assets are sold subject to a ten percent recourse liability provision (i.e., the seller’s credit risk is limited to ten percent of the amount of assets sold) with no other

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retention of credit risk by the seller, the *total* outstanding amount of the assets sold is subject to risk-based capital, not just ten percent of the assets sold, unless the low level exposure rule (discussed in the instructions to Schedule HC-R, item 50) applies.

- (3) Among the transfers where credit risk has been retained by the seller and that should be considered by the seller as asset sales with recourse for purposes of risk-based capital and Schedules HC-R and HC-S are arrangements such as the following (this list is illustrative of the principles involved in the application of the definition of “recourse” and is not all-inclusive)—
- (a) the sale of an asset with a realistic bona fide put option allowing the purchaser, at its option, to return the asset to the seller;
  - (b) the sale of an asset guaranteed by a standby letter of credit issued by the seller;
  - (c) the sale of an asset guaranteed by a standby letter of credit issued by any other party in which the credit risk on the asset sold, either directly or indirectly, rests with the seller;
  - (d) the sale of an asset guaranteed by an insurance contract in which the seller, either directly or indirectly, indemnifies or otherwise protects the insurer in any manner against credit risk; and
  - (e) sales and securitizations of assets which use contractual cash flows (e.g., interest-only strips receivable and so-called “spread accounts”), retained subordinated interests, or retained securities (e.g., collateral invested amounts and cash collateral accounts) as credit enhancements.
- (4) The sale of a loan or other asset subject to an agreement under which the seller will pass through to the purchaser a rate of interest that differs from the stated rate of interest on the transferred asset would not, for this reason alone, require the transaction to be treated as an asset sale with recourse for risk-based capital purposes provided (1) the seller’s obligation to pass interest through to the purchaser is contingent upon the continued interest payment performance of the underlying obligor of the transferred asset (i.e., the seller has no obligation to pass interest through if the obligor defaults in whole or in part on interest or principal) and (2) none of the other

characteristics of the sale or participation causes the transaction to meet the definition of “recourse.”

- (5) The definition of “recourse” applies to all transfers of assets, including sales of a single asset or of a pool of assets and sales of participations in a single asset or in a pool of assets (whether of similar or dissimilar instruments). In participations that qualify for sale treatment under generally accepted accounting principles and are not “syndications” (as described in the Glossary item for that term), the seller of the participations should handle the transfer of shares to participants in accordance with the definition of “recourse,” even though the assets being participated were acquired or accumulated for the express purpose of issuing participations and even though the participation was prearranged with the purchasers of the participations. However, the definition of “recourse” does not apply to the *initial* operation and distribution of participations in the form of syndications, since in a syndication there is no transfer of assets involved of the type to which this definition is addressed. Any *subsequent* transfers of shares, or parts of shares, in a syndicated loan would be subject to the “recourse” definition.
- (6) The definition of “recourse” (and these interpretations and illustrations) is also applicable to asset transfers that are made to special or limited purpose entities that are not technically affiliated with the seller. Regardless of the legal structure of the transaction, if credit risk is retained by the seller, either contractually or otherwise, either directly or indirectly, the seller should treat the transaction as an asset sale with recourse for purposes of risk-based capital and Schedules HC-R and HC-S even if the sale to the special purpose entity is stated as being without recourse.

**Savings Deposits:** See “Deposits.”

**Securities Activities:** Institutions should categorize their investments in debt securities and certain equity securities (i.e., those equity securities with readily determinable fair values) as trading, available-for-sale, or held-to-maturity consistent with ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, as amended). Management should periodically reassess its security categorization decisions to ensure that they remain appropriate.

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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). 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 most recently recognized other-than-temporary impairment loss adjusted for subsequent accretion of the impairment loss related to factors other than credit loss.

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The proper categorization of securities is important to ensure that trading gains and losses are promptly recognized in earnings and regulatory capital. This will not occur when securities intended to be held for trading purposes are categorized as held-to-maturity or available-for-sale. The following practices are considered trading activities:

- (1) **Gains Trading** — Gains trading is characterized by the purchase of a security and the subsequent sale of the same security at a profit after a short holding period, while securities acquired for this purpose that cannot be sold at a profit are typically retained in the available-for-sale or held-to-maturity portfolio. Gains trading may be intended to defer recognition of losses, as unrealized losses on available-for-sale and held-to-maturity debt securities do not directly affect regulatory capital and generally are not reported in income until the security is sold.
- (2) **When-Issued Securities Trading** — When-issued securities trading is the buying and selling of securities in the period between the announcement of an offering and the issuance and payment date of the securities. A purchase of a “when-issued” security acquires the risks and rewards of owning a security and may sell the when-issued security at a profit before having to take delivery and pay for it. Because such transactions are intended to generate profits from short-term price movements, they should be categorized as trading.
- (3) **Pair-offs** — Pair-offs are security purchase transactions that are closed-out or sold at, or prior to, settlement date. In a pair-off, an institution commits to purchase a security. Then, prior to the predetermined settlement date, the institution will pair-off the purchase with a sale of the same security. Pair-offs are settled net when one party to the transaction remits the difference between the purchase and the sale price to the counterparty. Pair-offs may also involve the same sequence of events using swaps, options on swaps, forward commitments, options on forward commitments, or other off-balance sheet derivative contracts.
- (4) **Extended Settlements** — In the U.S., regular-way settlement for federal government and federal agency securities (except mortgage-backed securities and derivative contracts) is one business day after the trade date. Regular-way settlement for corporate and

municipal securities is three business days after the trade date. For mortgage-backed securities, it can be up to 60 days or more after the trade date. The use of extended settlements may be offered by securities dealers in order to facilitate speculation on the part of the purchaser, often in connection with pair-off transactions. Securities acquired through the use of a settlement period in excess of the regular-way settlement periods in order to facilitate speculation should be reported as trading assets.

- (5) **Repositioning Repurchase Agreements** — A repositioning repurchase agreement is a funding technique offered by a dealer in an attempt to enable an institution to avoid recognition of a loss. Specifically, an institution that enters into a “when-issued” trade or a “pair-off” (which may include an extended settlement) that cannot be closed out at a profit on the payment or settlement date will be provided dealer financing in an effort to fund its speculative position until the security can be sold at a gain. The institution purchasing the security typically pays the dealer a small margin that approximates the actual loss in the security. The dealer then agrees to fund the purchase of the security, typically buying it back from the purchaser under a resale agreement. Any securities acquired through a dealer financing technique such as a repositioning repurchase agreement that is used to fund the speculative purchase of securities should be reported as trading assets.
- (6) **Short Sales** — A short sale is the sale of a security that is not owned. The purpose of a short sale generally is to speculate on a fall in the price of the security. (For further information, see the Glossary entry for “Short position.”)

One other practice, referred to as “adjusted trading,” is not acceptable under any circumstances. Adjusted trading involves the sale of a security to a broker or dealer at a price above the prevailing market value and the contemporaneous purchase and booking of a different security, frequently a lower-rated or lower quality issue or one with a longer maturity, at a price above its market value. Thus, the dealer is reimbursed for losses on the purchase from the institution and ensured a profit. Such transactions inappropriately defer the recognition of losses on the security sold and establish an excessive cost basis for the newly acquired security. Consequently, such transactions are prohibited and may be in violation of 18 U.S.C.

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Sections 1001—False Statements or Entries and 1005—False Entries.

See also “Trading account”

**Securities Borrowing/Lending Transactions:** Securities borrowing/lending transactions are typically initiated by broker-dealers and other financial institutions that need specific securities to cover a short sale or a customer’s failure to deliver securities sold. A transferee (“borrower”) of securities generally is required to provide “collateral” to the transferor (“lender”) of securities, commonly cash but sometimes other securities or standby letters of credit, with a value slightly higher than that of the securities “borrowed.”

Most securities borrowing/lending transactions do not qualify as sales under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, as amended), because the agreement entitles and obligates the securities lender to repurchase or redeem the transferred assets before their maturity. (See the Glossary entry for “transfers of financial assets” for further discussion of sale criteria.) When such transactions do not qualify as sales, securities lenders and borrowers should account for the transactions as secured borrowings in which cash (or securities that the holder is permitted by contract or custom to sell or repledge) received as “collateral” by the securities lender is considered the amount borrowed, and the securities “loaned” are considered pledged as collateral against the amount borrowed. The “loaned securities” should continue to be reported on the securities lender’s balance sheet as available-for-sale securities, held-to-maturity securities, or trading assets, as appropriate. “Loaned” securities that are reported as available-for-sale or held-to-maturity securities in Schedule HC-B, Securities, should also be reported as “Pledged securities” in Memorandum item 1 of that schedule. Similarly, “loaned” securities that are reported as trading assets in Schedule HC-D, Trading Assets and Liabilities, should be reported as “Pledged securities” in Memorandum item 4.a of that schedule.

If the securities borrowing/lending transaction meets the criteria for a sale under ASC Topic 860, the lender of the securities should remove the securities from its balance sheet, record the proceeds from the sale of the securities (including the forward repurchase commitment), and recognize any gain or loss on the transaction. The borrower

of the securities should record the securities on its balance sheet at fair value and record the payment for the purchased assets (including the forward resale commitment).

**Securities, Participations in Pools of:** See “Repurchase/resale agreements.”

**Separate Accounts:** Separate accounts are employed by life insurers to segregate and account for assets and related liabilities maintained to meet specific investment objectives of contractholders. The accounts are often maintained as separate accounting entities for pension plans as well as fixed benefit, variable annuity and other products on which the customer and not the insurer retains all or most of the investment and/or interest rate risk. Investment income and investment gains and losses generally accrue directly to such contractholders and are not accounted for on the general accounts of the insurer. The carrying values of separate account assets and liabilities usually approximate each other with little associated capital reflected on the books of the insurer. The assets of each account are legally segregated and are not subject to claims that arise out of any other business of the company.

**Servicing Assets and Liabilities:** The accounting and reporting standards for servicing assets and liabilities are set forth in ASC Subtopic 860-50, Transfers and Servicing – Servicing Assets and Liabilities (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, as amended by FASB Statement No. 156, *Accounting for Servicing of Financial Assets*), and ASC Topic 948, Financial Services-Mortgage Banking (formerly FASB Statement No. 65, *Accounting for Certain Mortgage Banking Activities*, as amended by Statement No. 140). A summary of the relevant sections of these accounting standards follows. For further information, see ASC Subtopic 860-50, ASC Topic 948, and the Glossary entry for “transfers of financial assets.”

Servicing of mortgage loans, credit card receivables, or other financial assets includes, but is not limited to, collecting principal, interest, and escrow payments from borrowers; paying taxes and insurance from escrowed funds; monitoring delinquencies; executing foreclosure if necessary; temporarily investing funds pending distribution; remitting fees to guarantors, trustees, and others providing services; and accounting for and remitting

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principal and interest payments to the holders of beneficial interests in the financial assets. Servicers typically receive certain benefits from the servicing contract and incur the costs of servicing the assets.

Servicing is inherent in all financial assets; it becomes a distinct asset or liability for accounting purposes only in certain circumstances as discussed below. Servicing assets result from contracts to service financial assets under which the benefits of servicing (estimated future revenues from *contractually specified servicing fees*, late charges, and other ancillary sources) are expected to more than adequately compensate the servicer for performing the servicing. Servicing liabilities result from contracts to service financial assets under which the benefits of servicing are not expected to adequately compensate the servicer for performing the servicing. *Contractually specified servicing fees* are all amounts that, per contract, are due to the servicer in exchange for servicing the financial asset and would no longer be received by a servicer if the beneficial owners of the serviced assets or their trustees or agents were to exercise their actual or potential authority under the contract to shift the servicing to another servicer. *Adequate compensation* is the amount of benefits of servicing that would fairly compensate a substitute servicer should one be required, including the profit that would be demanded by a substitute servicer in the marketplace.

A bank holding company must recognize and initially measure at fair value a servicing asset or a servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract in any of the following situations:

- (1) The bank holding company's transfer of an entire financial asset, a group of entire financial assets, or a participating interest in an entire financial asset that meets the requirements for sale accounting; or
- (2) An acquisition or assumption of a servicing obligation that does not relate to financial assets of the bank holding company or its consolidated affiliates.

If a bank holding company sells a participating interest in an entire financial asset, it only recognizes a servicing asset or servicing liability related to the participating interest sold.

A bank holding company that transfers its financial assets to an unconsolidated entity in a transfer that qualifies as a sale in which the bank holding company obtains the

resulting securities and classifies them as debt securities held-to-maturity in accordance with ASC Topic 320, Investments—Debt and Equity Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*), may either separately recognize its servicing assets or servicing liabilities or report those servicing assets or servicing liabilities together with the assets being serviced.

A bank holding company should account for its servicing contract that qualifies for separate recognition as a servicing asset or servicing liability initially measured at fair value regardless of whether explicit consideration was exchanged. A bank holding company that transfers or securitizes financial assets in a transaction that does not meet the requirements for sale accounting under ASC Topic 860 and is accounted for as a secured borrowing with the underlying financial assets remaining on the bank holding company's balance sheet must not recognize a servicing asset or a servicing liability.

After initially measuring a servicing asset or servicing liability at fair value, a bank holding company should subsequently measure each class of servicing assets and servicing liabilities using either the *amortization method* or the *fair value measurement method*. The election of the subsequent measurement method should be made separately for each class of servicing assets and servicing liabilities. A bank holding company must apply the same subsequent measurement method to each servicing asset and servicing liability in a class. Each bank holding company should identify its classes of servicing assets and servicing liabilities based on (a) the availability of market inputs used in determining the fair value of servicing assets and servicing liabilities, (b) the bank holding company's method for managing the risks of its servicing assets or servicing liabilities, or (c) both. Different elections can be made for different classes of servicing. For a class of servicing assets and servicing liabilities that is subsequently measured using the amortization method, a bank holding company may change the subsequent measurement method for that class of servicing by making an irrevocable decision to elect the fair value measurement method for that class at the beginning of any fiscal year. Once a bank holding company elects the fair value measurement method for a class of servicing, that election must not be reversed.

Under the *amortization method*, all servicing assets or servicing liabilities in the class should be amortized in

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proportion to, and over the period of, estimated net servicing income for assets (servicing revenues in excess of servicing costs) or net servicing loss for liabilities (servicing costs in excess of servicing revenues). The servicing assets or servicing liabilities should be assessed for impairment or increased obligation based on fair value at each quarter-end report date. The servicing assets within a class should be stratified into groups based on one or more of the predominant risk characteristics of the underlying financial assets. If the carrying amount of a stratum of servicing assets exceeds its fair value, the bank holding company should separately recognize impairment for that stratum by reducing the carrying amount to fair value through a valuation allowance for that stratum. The valuation allowance should be adjusted to reflect changes in the measurement of impairment subsequent to the initial measurement of impairment. For the servicing liabilities within a class, if subsequent events have increased the fair value of the liability above the carrying amount of the servicing liabilities, the bank holding company should recognize the increased obligation as a loss in current earnings.

Under the *fair value measurement method*, all servicing assets or servicing liabilities in a class should be measured at fair value at each quarter-end report date. Changes in the fair value of these servicing assets and servicing liabilities should be reported in earnings in the period in which the changes occur.

For purposes of the FR Y-9C, servicing assets resulting from contracts to service loans secured by real estate (as defined for Schedule HC-C, item 1, in the Glossary entry for “Loans secured by real estate”) should be reported in Schedule HC-M, item 12(a), “Mortgage servicing assets.” Servicing assets resulting from contracts to service all other financial assets should be reported in Schedule HC-M, item 12(b), “Purchased credit card relationships and nonmortgage servicing assets.” When reporting the carrying amount of mortgage servicing assets in Schedule HC-M, item 12(a), and nonmortgage servicing assets in Schedule HC-M, item 12(b), bank holding companies should include all classes of servicing accounted for under the amortization method as well as all classes of servicing accounted for under the fair value measurement method. The fair value of all recognized mortgage servicing assets should be reported in Schedule HC-M, item 12(a)(1), regardless of the subsequent measurement method applied to these assets. The servicing asset carrying amounts reported in Schedule HC-M, items

12(a) and 12(b), even if these amounts include fair values, should be used when determining the lesser of 90 percent of the fair value of these assets and 100 percent of their carrying amount for regulatory capital calculation purposes in Schedule HC-R. Changes in the fair value of any class of servicing assets and servicing liabilities accounted for under the fair value measurement method should be included in earnings in Schedule HI, item 5(f), “Net servicing fees.” In addition, certain information about assets serviced by the reporting bank holding company should be reported in Schedule HC-S, Servicing, Securitization, and Asset Sale Activities.

**Settlement Date Accounting:** See “Trade date and settlement date accounting.”

**Shell Branches:** Shell branches are limited service branches of banks that do not conduct transactions with residents, other than with other shell branches, in the country in which they are located. Transactions at shell branches are usually initiated and effected by their head office or by other related branches outside the country in which the shell branches are located, with records and supporting documents maintained at the initiating offices. Examples of such locations are the Bahamas and the Cayman Islands.

**Short Position:** When a bank holding company or its consolidated subsidiaries sell an asset that they do not own, they have established a short position. If on the report date a bank holding company or its subsidiaries are in a short position, it shall report its liability to purchase the asset in Schedule HC, item 15, “Trading liabilities.” In this situation, the right to receive payment shall be reported in Schedule HC, item 11, “Other assets.” Short positions shall be reported gross. Short trading positions shall be revalued consistent with the method used by the reporting bank holding company for the valuation of its trading account assets.

**Standby Contract:** See “Futures, forward, and standby contracts.”

**Standby Letter of Credit:** See “Letter of credit.”

**Start-Up Activities:** Guidance on the accounting and reporting for the costs of start-up activities, including organization costs, is set forth in ASC Subtopic 720-15, Other Expenses – Start-Up Costs (formerly AICPA Statement of Position 98-5, *Reporting on the Costs of Start-Up Activities*). A summary of this accounting guidance follows. For further information, see ASC Subtopic 720-15.

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Start-up activities are defined broadly as those one-time activities related to opening a new facility, introducing a new product or service, conducting business in a new territory, conducting business with a new class of customer, or commencing some new operation. Start-up activities include activities related to organizing a new entity, such as a new bank holding company, the costs of which are commonly referred to as organization costs. Organization costs for a bank holding company are the direct costs incurred to incorporate the bank holding company. Such costs include, but are not limited to, professional (e.g., legal, accounting, and consulting) fees and printing costs directly related to the incorporation process, and the cost of economic impact studies. Costs of start-up activities, including organization costs, should be expensed as incurred. Costs of acquiring or constructing premises and fixed assets and getting them ready for their intended use are not start-up costs, but costs of using such assets that are allocated to start-up activities (e.g., depreciation of computers) are considered start-up costs.

For a new bank holding company, pre-opening expenses such as salaries and employee benefits, rent, depreciation, supplies, directors' fees, training, travel, postage, and telephone are considered start-up costs. Pre-opening income earned and expenses incurred from the bank holding company's inception through the date the bank holding company commences operations should be reported in the income statement using one of the two following methods, consistent with the manner in which the reporting bank holding company reports pre-opening income and expenses for other financial reporting purposes: (1) Pre-opening income and expenses for the entire period from the bank holding company's inception through the date the bank holding company commences operations should be reported in the appropriate items of Schedule HI, Consolidated Report of Income, each quarter during the calendar year in which operations commence; or (2) The net amount of pre-opening income and expenses for the period from the bank holding company's inception until the beginning of the calendar year in which the bank holding company commences operations should be included, along with the bank holding company's opening (original) equity capital, in Schedule HI-A, item 14, "Other adjustments to equity capital (not included above)." The net amount of these pre-opening income and expenses should be identified and described in the "Notes to the Income Statement." Pre-opening income earned and expenses incurred during the calendar

year in which the bank holding company commences operations should be reported in the appropriate items of Schedule HI, Consolidated Report of Income, each quarter during the calendar year in which operations commence.

The organization costs of forming a holding company and the costs of other holding company start-up activities are sometimes paid by the bank that will be owned by the holding company. These are the holding company's costs, whether or not the holding company formation is successful, and they should be reported as expenses of the bank holding company.

**STRIPS:** See "Coupon Stripping, Treasury Receipts, and STRIPS."

**Subordinated Notes and Debentures:** A subordinated note or debenture is a form of debt issued by a bank holding company or its subsidiaries. When issued by a subsidiary bank, a subordinated note or debenture is not insured by a federal agency, is subordinated to the claims of depositors, has an original weighted average maturity of five years or more. Such debt shall be issued by a bank with the approval of, or under the rules and regulations of, the appropriate federal bank supervisory agency (i.e., the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, or the Federal Deposit Insurance Corporation).

When issued by a bank holding company or its consolidated nonbank subsidiaries, a subordinated note or debenture is a form of unsecured long-term debt that is subordinated to other debt of the consolidated bank holding company.

Both notes and debentures subordinated to deposits and other subordinated notes and debentures of the bank holding company are to be reported in Schedule HC, item 19(a), "Subordinated notes and debentures."

**Subsidiaries:** The treatment of subsidiaries in the FR Y-9C depends upon the degree of ownership held by the reporting bank holding company.

The term "*subsidiary*" is defined under Section 225.2 of Federal Reserve Regulation Y, which generally includes companies 25 percent or more owned or controlled by another company. However, for purposes of the Consolidated Financial Statements for Bank Holding Companies, a *subsidiary* is a company in which the parent bank holding company directly or indirectly owns more than 50 percent of the outstanding voting stock.

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An *associated company* is a corporation in which the bank holding company, directly or indirectly, owns 20 to 50 percent of the outstanding voting stock and over which the bank holding company exercises significant influence. This 20 to 50 percent ownership is presumed to carry “significant” influence unless the bank holding company can demonstrate the contrary to the satisfaction of the Federal Reserve.

A *corporate joint venture* is a corporation owned and operated by a group of companies (“joint venturers”), no one of which has a majority interest, as a separate and specific business or project for the mutual benefit of the joint venturers. Each joint venturer may participate, directly or indirectly, in the management of the joint venture. An entity that is a majority-owned subsidiary of one of the joint venturers is not a corporate joint venture.

Certain subsidiaries (as specified in the General Instructions section of this book) must be consolidated on the FR Y-9C. The equity ownership in subsidiaries that are not consolidated on the FR Y-9C and in associated companies is accounted for using the equity method of accounting and is reported in Schedule HC, item 8, “Investments in unconsolidated subsidiaries and associated companies.”

Ownership in a corporate joint venture is to be treated in the same manner as an associated company (defined above) only to the extent that the equity share represents significant influence over management. Otherwise, equity holdings in a joint venture are treated as holdings of corporate stock and income is recognized only when distributed in the form of dividends.

**“Super NOW” Account:** See “Deposits.”

**Suspense Accounts:** Suspense accounts are temporary holding accounts in which items are carried until they can be identified and their disposition to the proper account can be made. The items included in these accounts should be reviewed and should be reported in the appropriate accounts of the FR Y-9C.

**Syndications:** A syndication is a participation, usually involving shares in a single loan, in which several participants agree to enter into an extension of credit under a bona fide binding agreement that provides that, regardless of any even each participant shall fund and be at risk only up to a specified percentage of the total extension of credit or up to a specified dollar amount. In a

syndication, the participants agree to the terms of the participation prior to the execution of the final agreement and the contract is executed by the obligor and by *all* the participants, although there is usually a lead institution organizing or managing the credit. Large commercial and industrial loans, large loans to finance companies, and large foreign loans may be handled through such syndicated participations.

Each participant in the syndicate, including the lead bank of the bank holding company, records its own share of the participated loan and the total amount of the loan is not entered on the books of one bank to be shared through transfers of loans. Thus, the initial operation and distribution of this type of participation does not require a determination as to whether a transfer that should be accounted for as a sale has occurred. However, any subsequent transfers of shares, or parts of shares, in the syndicated loan would be subject to the provisions of ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, as amended), governing whether these transfers should be accounted for as a sale or a secured borrowing. (See the Glossary entry for “transfers of financial assets.”)

**Telephone Transfer Account:** See “Deposits.”

**Term Federal Funds:** See “Federal funds transactions.”

**Time Deposits:** See “Deposits.”

**Trade Date and Settlement Date Accounting:** Transactions in securities and trading account assets (including money market instruments) should be reported on the basis of trade date accounting in accordance with generally accepted accounting principles. However, if the reported amounts under settlement date accounting would not be materially different from those under trade date accounting, settlement date accounting is acceptable. Whichever method a bank holding company elects should be used consistently, unless the bank holding company has elected settlement date accounting and subsequently decides to change to the preferred trade date method.

Under trade date accounting, assets purchased shall be recorded in the appropriate asset category on the trade date and the bank holding company’s (or its consolidated 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

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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 bank holding company (or its consolidated subsidiaries) on the trade date, would make no entries. On settlement date, the selling bank 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.

Pursuant to ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*), 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 bank holding company has elected to report at fair value under a fair value option with changes in fair value reported in current earnings should be classified as trading securities. In addition, for purposes of these reports, bank 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 bank 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 bank holding company would generally not classify a loan to which it has applied the fair value option as a trading asset unless the bank 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 bank holding company’s other assets and reported in Schedule HC, item 5, “Trading assets.” In addition, bank 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 bank 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 with unrealized gains and losses recognized in current income. When a security or other asset is acquired, a bank 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 bank 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 bank 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 bank holding company does not own. (See the Glossary entry for “short position.”) Trading account liabilities should be reported at fair value with unrealized gains and

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losses recognized in current income in a manner similar to trading account assets.

Given the nature of the trading account, transfers into or from the trading category should be rare. Transfers between a trading account and any other account of the bank holding company must be recorded at fair value at the time of the transfer. For a security transferred *from* the trading category, the unrealized holding gain or loss at the date of the transfer will already have been recognized in earnings and should not be reversed. For a security transferred *into* the trading category, the unrealized holding gain or loss at the date of the transfer should be recognized in earnings.

**Transaction Account:** See “Deposits.”

**Transfers of Financial Assets:** The accounting and reporting standards for transfers of financial assets are set forth in ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, as amended by FASB Statement No. 156, *Accounting for Servicing of Financial Assets*, FASB Statement No. 166, *Accounting for Transfers of Financial Assets*, and certain other standards). Bank holding companies must follow ASC Topic 860 for purposes of these reports. ASC Topic 860 limits the circumstances in which a financial asset, or a portion of a financial asset, should be derecognized when the transferor has not transferred the entire original financial asset or when the transferor has continuing involvement with the transferred financial asset. ASC Topic 860 also defines a “participating interest” (which is discussed more fully below) and collectively establish the accounting and reporting standards for loan participations, syndications, and other transfers of portions of financial assets. A summary of these accounting and reporting standards follows. For further information, see ASC Topic 860.

A financial asset is cash, evidence of an ownership interest in another entity, or a contract that conveys to the bank holding company a contractual right either to receive cash or another financial instrument from another entity or to exchange other financial instruments on potentially favorable terms with another entity. Most of the assets on a bank holding company’s balance sheet are financial assets, including balances due from depository institutions, securities, federal funds sold, securities purchased under agreements to resell, loans and lease financ-

ing receivables, and interest-only strips receivable.<sup>13</sup> However, servicing assets are not financial assets. Financial assets also include financial futures contracts, forward contracts, interest rate swaps, interest rate caps, interest rate floors, and certain option contracts.

A transferor is an entity that transfers a financial asset, an interest in a financial asset, or a group of financial assets that it controls to another entity. A transferee is an entity that receives a financial asset, an interest in a financial asset, or a group of financial assets from a transferor.

In determining whether a bank holding company has surrendered control over transferred financial assets, the bank holding company must first consider whether the entity to which the financial assets were transferred would be required to be consolidated by the bank holding company. If it is determined that consolidation would be required by the bank holding company, then the transferred financial assets would not be treated as having been sold in the FR Y-9C report even if all of the other provisions listed below are met.<sup>14</sup>

*Determining Whether a Transfer Should be Accounted for as a Sale or a Secured Borrowing* - A transfer of an entire financial asset, a group of entire financial assets, or a participating interest in an entire financial asset in which the transferor surrenders control over those financial assets shall be accounted for as a sale if and only if all of the following conditions are met:

- (1) The transferred financial assets have been isolated from the transferor, i.e., put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership. Transferred financial assets are isolated in bankruptcy or other receivership only if the transferred financial assets would be beyond the reach of the powers of a bankruptcy trustee or other receiver for the transferor or any of its consolidated affiliates included in the financial

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13. ASC Topic 860 defines an interest-only strip receivable as the contractual right to receive some or all of the interest due on a bond, mortgage loan, collateralized mortgage obligation, or other interest-bearing financial asset.

14. The requirements in ASC Subtopic 810-10 Consolidation – Overall (formerly FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*, as amended by FASB Statement No. 167, *Amendments to FASB Interpretation No. 46(R)*), should be applied to determine when a variable interest entity should be consolidated. For further information, refer to the Glossary entry for “variable interest entity.”

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statements being presented. For multiple step transfers, an entity that is designed to make remote the possibility that it would enter bankruptcy or other receivership (bankruptcy-remote entity) is not considered a consolidated affiliate for purposes of performing the isolation analysis. Notwithstanding the isolation analysis, each entity involved in the transfer is subject to the applicable guidance on whether it must be consolidated.

- (2) Each transferee (or, if the transferee is an entity whose sole purpose is to engage in securitization or asset-backed financing activities and that entity is constrained from pledging or exchanging the assets it receives, each third-party holder of its beneficial interest) has the right to pledge or exchange the assets (or beneficial interests) it received, and no condition both constrains the transferee (or third-party holder of its beneficial interests) from taking advantage of its right to pledge or exchange and provides more than a trivial benefit to the transferor.
- (3) The transferor, its consolidated affiliates included in the financial statements being presented, or its agents do not maintain effective control over the transferred financial assets or third-party beneficial interests related to those transferred assets. Examples of a transferor's effective control over the transferred financial assets include, but are not limited to (a) an agreement that both entitles and obligates the transferor to repurchase or redeem the transferred financial assets before their maturity, (b) an agreement that provides the transferor with both the unilateral ability to cause the holder to return specific financial assets and a more-than-trivial benefit attributable to that ability, other than through a cleanup call, or (c) an agreement that permits the transferee to require the transferor to repurchase the transferred financial assets at a price that is so favorable to the transferee that it is probable that the transferee will require the transferor to repurchase them.

If a transfer of an entire financial asset, a group of entire financial assets, or a participating interest in an entire financial asset does not meet the conditions for sale treatment, or if a transfer of a portion of an entire financial interest does not meet the definition of a participating interest (discussed below), the transferor and the transferee shall account for the transfer as a secured borrowing with pledge of collateral. The transferor shall

continue to report the transferred financial assets in its financial statements with no change in their measurement (i.e., the original basis of accounting for the transferred financial assets is retained).

*Accounting for a Transfer of an Entire Financial Asset or a Group of Entire Financial Assets That Qualifies as a Sale*<sup>15</sup> — Upon the completion of a transfer of an entire financial asset or a group of entire financial assets that satisfies all three of the conditions to be accounted for as a sale, the transferee(s) (i.e., purchaser(s)) must recognize all assets obtained and any liabilities incurred and initially measure them at fair value. The transferor (seller) should:

- (1) Derecognize or remove the transferred financial assets from the balance sheet.
- (2) Recognize and initially measure at fair value servicing assets, servicing liabilities, and any other assets obtained (including a transferor's beneficial interest in the transferred financial assets) and liabilities incurred in the sale.
- (3) Recognize in earnings any gain or loss on the sale.

If, as a result of a change in circumstances, a bank holding company transferor regains control of a transferred financial asset after a transfer that was previously accounted for as a sale because one or more of the conditions for sale accounting in ASC Topic 860 are no longer met or a transferred portion of an entire financial asset no longer meets the definition of a participating interest, such a change generally should be accounted for in the same manner as a purchase of the transferred financial asset from the former transferee (purchaser) in exchange for a liability assumed. The transferor should recognize (rebook) the financial asset on its balance sheet together with a liability to the former transferee, measuring the asset and liability at fair value on the date of the change in circumstances. If the rebooked financial asset is a loan, it must be reported as a loan in Schedule HC-C, either as a loan held for sale or a loan held for investment, based on facts and circumstances, in accordance with generally accepted accounting principles. The liability to the former transferee should be reported as a secured

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15. The guidance in this section of this Glossary entry does not apply to a transfer of a participating interest in an entire financial asset that qualifies as a sale. The accounting for such a transfer is discussed in a separate section later in this Glossary entry.

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borrowing in Schedule HC, item 16, “Other borrowings.” This accounting and reporting treatment applies, for example, to U.S. Government-guaranteed or -insured residential mortgage loans backing Government National Mortgage Association (GNMA) mortgage-backed securities that a bank holding company services after it has securitized the loans in a transfer accounted for as a sale. If and when individual loans later meet delinquency criteria specified by GNMA, they are eligible for repurchase (buy-back) and the bank holding company is deemed to have regained effective control over these loans. The delinquent loans must be brought back onto the bank holding company’s books and recorded as loans, regardless of whether the bank holding company intends to exercise the buy-back option.

Bank holding companies should refer to ASC Topic 860 for implementation guidance for accounting for transfers of certain lease receivables, securities lending transactions, repurchase agreements including “dollar rolls,” “wash sales,” loan syndications, loan participations (discussed below), risk participations in bankers acceptances, factoring arrangements, and transfers of receivables with recourse. However, these standards do not provide guidance on the accounting for most assets and liabilities recorded on the balance sheet following a transfer accounted for as a sale. As a result, after their initial measurement or carrying amount allocation, these assets and liabilities should be accounted for in accordance with the existing generally accepted accounting principles applicable to them.

*Participating Interests* — Before considering whether the conditions to be accounted for as a sale have been met (as discussed above), the transfer of a portion of an entire financial asset must first meet the definition of a participating interest. If the transferred portion of the entire financial asset is a qualifying participating interest (as defined below), then it should be determined whether the transfer of the participating interest meets the sales conditions discussed above. A participating interest in an entire financial asset, as defined by ASC Topic 860, has all of the following characteristics:

- (1) From the date of the transfer, it must represent a proportionate (pro rata) ownership interest in an entire financial asset;
- (2) From the date of the transfer, all cash flows received from the entire financial asset, except any cash flows allocated as compensation for servicing or other

services performed (which must not be subordinated and must not significantly exceed an amount that would fairly compensate a substitute service provider should one be required), must be divided proportionately among the participating interest holders in an amount equal to their share of ownership;

- (3) The rights of each participating interest holder (including the lead lender) must have the same priority, no interest is subordinated to another interest, and no participating interest holder has recourse to the lead lender or another participating interest holder other than standard representations and warranties and ongoing contractual servicing and administration obligations; and
- (4) No party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to do so.

Thus, under ASC Topic 860, so-called “last-in, first-out” (LIFO) participations in which all principal cash flows collected on the loan are paid first to the party acquiring the participation do not meet the definition of a participating interest. Similarly, so-called “first-in, first-out” (FIFO) participations in which all principal cash flows collected on the loan are paid first to the lead lender do not meet the definition of a participating interest. As a result, neither LIFO nor FIFO participations transferred on or after the beginning of a bank holding company’s first annual reporting period that begins after November 15, 2009 (i.e., January 1, 2010, for a bank holding company with a calendar year fiscal year) will qualify for sale accounting and instead must be reported as secured borrowings.

The participating interest definition also applies to transfers of government-guaranteed portions of loans, such as those guaranteed by the Small Business Administration (SBA). In this regard, for a transfer of the guaranteed portion of an SBA loan at a premium that settled before February 15, 2011, the “seller” was obligated by the SBA to refund the premium to the “purchaser” if the loan was repaid within 90 days of the transfer. This premium refund obligation was a form of recourse, which meant that the transferred guaranteed portion of the loan did not meet the definition of a “participating interest” for the 90-day period that the premium refund obligation existed. As a result, the transfer was required to be accounted for as a secured borrowing during this period. After the 90-day period, assuming the transferred

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guaranteed portion and the retained unguaranteed portion of the SBA loan then met the definition of a “participating interest,” the transfer of the guaranteed portion could be accounted for as a sale if all of the conditions for sale accounting were met. In contrast, for transfers of guaranteed portions of SBA loans at a premium that settled on or after February 15, 2011, the SBA has eliminated the premium refund requirement. With the elimination of the premium refund obligation from such transfers, the transferred guaranteed portion and the retained unguaranteed portion of the SBA loan should normally meet the definition of a “participating interest” on the transfer date. Assuming the definition of “participating interest” is met and all of the conditions for sale accounting are met, the transfer of the guaranteed portion of an SBA loan at a premium on or after February 15, 2011, would qualify as a sale on the transfer date. The conditions for sale accounting are described above under “Determining Whether a Transfer Should be Accounted for as a Sale or a Secured Borrowing” in this Glossary entry.

In contrast, if the guaranteed portion of the SBA loan is transferred at par in a so-called “par sale” in which the “seller” agrees to pass interest through to the “purchaser” at less than the contractual interest rate and the spread between the contractual rate and the pass-through interest rate significantly exceeds an amount that would fairly compensate a substitute servicer, the excess spread is viewed as an interest-only strip. The existence of this interest-only strip results in a disproportionate sharing of the cash flows on the entire SBA loan, which means that the transferred guaranteed portion and the retained unguaranteed portion of the SBA loan do not meet the definition of a “participating interest,” which precludes sale accounting. Instead, the transfer of the guaranteed portion must be accounted for as a secured borrowing.

*Accounting for a Transfer of a Participating Interest That Qualifies as a Sale* — Upon the completion of a transfer of a participating interest that satisfies all three of the conditions to be accounted for as a sale, the participating institution(s) (the transferee(s)) shall recognize the participating interest(s) obtained, other assets obtained, and any liabilities incurred and initially measure them at fair value. The originating lender (the transferor) must:

- (1) Allocate the previous carrying amount of the entire financial asset between the participating interest(s) sold and the participating interest that it continues to hold based on their relative fair values at the date of the transfer.

- (2) Derecognize the participating interest(s) sold.
- (3) Recognize and initially measure at fair value servicing assets, servicing liabilities, and any other assets obtained and liabilities incurred in the sale.
- (4) Recognize in earnings any gain or loss on the sale.
- (5) Report any participating interest(s) that continue to be held by the originating lender as the difference between the previous carrying amount of the entire financial asset and the amount derecognized.

*Additional Considerations Pertaining to Participating Interests* — When evaluating whether the transfer of a participating interest in an entire financial asset satisfies the conditions for sale accounting under ASC Topic 860, an originating lender’s right of first refusal on a bona fide offer to the participating institution from a third party, a requirement for a participating institution to obtain the originating lender’s permission to sell or pledge the participating interest that shall not be unreasonably withheld, or a prohibition on the participating institution’s sale of the participating interest to the originating lender’s competitor (if other potential willing buyers exist) is a limitation on the participating institution’s rights, but is presumed not to constrain a participant from exercising its right to pledge or exchange the participating interest. However, if the participation agreement constrains the participating institution from pledging or exchanging its participating interest, the originating lender presumptively receives more than a trivial benefit, has not relinquished control over the participating interest, and should account for the transfer of the participating interest as a secured borrowing.

A loan participation agreement may give the originating lender the contractual right to repurchase a participating interest at any time. In this situation, the right to repurchase is effectively a call option on a specific participating interest, i.e., a participating interest that is not readily obtainable in the marketplace. Regardless of whether this option is freestanding or attached, it either constrains the participating institution from pledging or exchanging its participating interest or results in the originating lender maintaining effective control over the participating interest. As a consequence, the contractual right to repurchase precludes sale accounting and the transfer of the participating interest should be accounted for as a secured borrowing, not as a sale.

In addition, under a loan participation agreement, the

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originating lender may give the participating institution the right to resell the participating interest, but reserves the right to call the participating interest at any time from whoever holds it and can enforce that right by discontinuing the flow of interest to the holder of the participating interest at the call date. In this situation, the originating lender has maintained effective control over the participating interest and the transfer of the participating interest should be accounted for as a secured borrowing, not as a sale.

If an originating FDIC-insured lender has transferred a loan participation to a participating institution with recourse prior to January 1, 2002, the existence of the recourse obligation in and of itself does not preclude sale accounting for the transfer. If a loan participation transferred with recourse prior to January 1, 2002, meets the three conditions then in effect for the transferor to have surrendered control over the transferred assets, the transfer should be accounted for as a sale for financial reporting purposes. However, a loan participation sold with recourse is subject to the Federal Reserve's risk-based capital requirements as discussed in the Glossary entry for "sales of assets for risk-based capital purposes" and in the instructions for Schedule HC-R, Regulatory Capital.

If an originating FDIC-insured lender transfers a loan participation with recourse after December 31, 2001, the participation generally will not be considered isolated from the transferor, i.e., the originating lender, in the event of an FDIC receivership. Section 360.6 of the FDIC's regulations limits the FDIC's ability to reclaim loan participations transferred "without recourse," as defined in the regulations, but does not limit the FDIC's ability to reclaim loan participations transferred with recourse. Under Section 360.6, a participation that is subject to an agreement that requires the originating lender to repurchase the participation or to otherwise compensate the participating institution due to a default on the underlying loan is considered a participation "with recourse." As a result, a loan participation transferred "with recourse" after December 31, 2001, generally should be accounted for as a secured borrowing and not as a sale for financial reporting purposes. This means that the originating lender should not remove the participation from its loan assets on the balance sheet, but should report the secured borrowing in Schedule HC, item 16, "Other borrowings."

*Reporting Transfers of Loan Participations That Do Not Qualify for Sale Accounting* — If a transfer of a portion of an entire financial asset does not meet the definition of a participating interest, or if a transfer of a participating interest does not meet all of the conditions for sale accounting, the transfer must be reported as a secured borrowing with pledge of collateral. In these situations, because the transferred loan participation does not qualify for sale accounting, the originating lender must continue to report the transferred participation (as well as the retained portion of the loan) as a loan on the balance sheet (Schedule HC), normally in item 4(b), "Loans and leases, net of unearned income," and in the appropriate loan category in Schedule HC-C, Loans and Lease Financing Receivables. The originating lender should report the transferred loan participation as a secured borrowing on the balance sheet in Schedule HC, item 16, "Other borrowed money," and in the appropriate subitem or subitems in Schedule HC-M, item 14, "Other borrowed money;" in Schedule HC-M, item 23(b), "Amount of 'Other borrowings' that are secured;" and in Schedule HC-C, Memorandum item 14, "Pledged loans and leases." As a consequence, the transferred loan participation should be included in the originating lender's loans and leases for purposes of determining the appropriate level for the lender's allowance for loan and lease losses.

A bank holding company that acquires a nonqualifying loan participation (or a qualifying participating interest in a transfer that does not meet all of the conditions for sale accounting) should normally report the loan participation or participating interest in item 4(b), "Loans and leases, net of unearned income," on the balance sheet (Schedule HC) and in the loan category appropriate to the underlying loan, e.g., as a "commercial and industrial loan" in item 4 or as a "loan secured by real estate" in item 1, in Schedule HC-C, Loans and Lease Financing Receivables. Furthermore, for risk-based capital purposes, the acquiring bank holding company should assign the loan participation or participating interest to the risk-weight category appropriate to the underlying borrower or, if relevant, the guarantor or the nature of the collateral.

*Financial Assets Subject to Prepayment* — Financial assets such as interest-only strips receivable, other beneficial interests, loans, debt securities, and other receivables, but excluding financial instruments that must be accounted for as derivatives, that can contractually be prepaid or otherwise settled in such a way that the holder

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of the financial asset would not recover substantially all of its recorded investment do not qualify to be accounted for at amortized cost. After their initial recording on the balance sheet, financial assets of this type must be subsequently measured at fair value like available-for-sale securities or trading securities.

**Traveler’s Letter of Credit:** See “Letter of credit.”

**Treasury Stock:** Treasury stock is stock that the bank holding company has issued and subsequently acquired, but that has not been retired or resold. As a general rule, treasury stock is to be carried at cost and is a deduction from a bank holding company’s total equity capital.

For purposes of this report, the carrying value of treasury stock should be reported (as a negative number) in Schedule HC, item 26(c), “Other equity capital components.”

“Gains” and “losses” on the sale, retirement, or other disposal of treasury stock are not to be reported in Schedule HI, Income Statement, but should be reflected in Schedule HI-A, items 7 and 8, “Sale of treasury stock,” and “Purchase of treasury stock.” Such gains and losses, as well as the excess of the cost over the par value of treasury stock carried at par, are generally to be treated as adjustments to Schedule HC, item 25, “Surplus.”

For further information, see ASC Subtopic 505-30, Equity – Treasury Stock (formerly Accounting Research Bulletin No. 43, Chapter 1, Section B, as amended by APB Opinion No. 6, “Status of Accounting Research Bulletins”).

**Troubled Debt Restructuring:** The accounting standards for troubled debt restructurings are set forth in ASC Subtopic 310-40, Receivables – Troubled Debt Restructurings by Creditors (formerly FASB Statement No. 15, *Accounting by Debtors and Creditors for Troubled Debt Restructurings*, as amended by FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan*). A summary of these accounting standards follows. For further information, see ASC Subtopic 310-40.

A troubled debt restructuring is a restructuring in which a bank holding company, for economic or legal reasons related to a borrower’s financial difficulties, grants a concession to the borrower that it would not otherwise consider. The restructuring of a loan or other debt instrument (hereafter referred to collectively as a “loan”) may include, but is not necessarily limited to: (1) the transfer from the borrower to the institution of real estate,

receivables from third parties, other assets, or an equity interest in the borrower in full or partial satisfaction of the loan (see the Glossary entry for “foreclosed assets” for further information), (2) a modification of the loan terms, such as a reduction of the stated interest rate, principal, or accrued interest or an extension of the maturity date at a stated interest rate lower than the current market rate for new debt with similar risk, or (3) a combination of the above. A loan extended or renewed at a stated interest rate equal to the current interest rate for new debt with similar risk is not to be reported as a restructured troubled loan.

The recorded amount of a loan is the loan balance adjusted for any unamortized premium or discount and unamortized loan fees or costs, less any amount previously charged off, plus recorded accrued interest.

All loans whose terms have been modified in a troubled debt restructuring, including both commercial and retail loans, must be evaluated for impairment under ASC Topic 310, Receivables (formerly FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan*, as amended). Accordingly, a bank holding company should measure any loss on the restructuring in accordance with the guidance concerning impaired loans set forth in the Glossary entry for “loan impairment.” Under ASC Topic 310, when measuring impairment on a restructured troubled loan using the present value of expected future cash flows method, the cash flows should be discounted at the effective interest rate of the original loan, i.e., before the restructuring. For a residential mortgage loan with a “teaser” or starter rate that is less than the loan’s fully indexed rate, the starter rate is not the original effective interest rate. ASC Topic 310 also permits a bank holding company to aggregate impaired loans that have risk characteristics in common with other impaired loans, such as modified residential mortgage loans that represent troubled debt restructurings, and use historical statistics along with a composite effective interest rate as a means of measuring the impairment of these loans.

See the Glossary entry for “nonaccrual status” for a discussion of the conditions under which a nonaccrual asset which has undergone a troubled debt restructuring (including those that involve a multiple note structure) may be returned to accrual status.

A troubled debt restructuring in which a bank holding company receives physical possession of the borrower’s

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## Glossary

assets, regardless of whether foreclosure or repossession proceedings take place, should be accounted for in accordance with ASC Subtopic 310-40. Thus, in such situations, the loan should be treated as if assets have been received in satisfaction of the loan and reported as described in the Glossary entry for “foreclosed assets.”

Despite the granting of some type of concession by the bank holding company to a borrower, a troubled debt restructuring may still result in the recorded amount of the loan bearing a market yield, i.e., an effective interest rate that at the time of the restructuring is greater than or equal to the rate that the bank holding company is willing to accept for an extension of credit with comparable risk. This may arise as a result of reductions in the recorded amount of the loan prior to the restructuring (e.g., by charge-offs). All loans that have undergone troubled debt restructurings and that are in compliance with their modified terms must be reported as restructured assets in Schedule HC-C, Memorandum item 1. However, a restructured asset that is in compliance with its modified terms and yields a market rate need not continue to be reported as a troubled debt restructuring in the memorandum item in this schedule in calendar years after the year in which the restructuring took place.

A restructuring may include both a modification of terms and the acceptance of property in partial satisfaction of the loan. The accounting for such a restructuring is a two step process. First, the recorded amount of the loan is reduced by the fair value less cost to sell of the property received. Second, the institution should measure any impairment on the remaining recorded balance of the restructured loan in accordance with the guidance concerning impaired loans set forth in ASC Topic 310.

A restructuring may involve the substitution or addition of a new debtor for the original borrower. The treatment of these situations depends upon their substance. Restructurings in which the substitute or additional debtor controls, is controlled by, or is under common control with the original borrower, or performs the custodial function of collecting certain of the original borrower’s funds, should be accounted for as modifications of terms. Restructurings in which the substitute or additional debtor does not have a control or custodial relationship with the original borrower should be accounted for as a receipt of a “new” loan in full or partial satisfaction of the original borrower’s loan. The “new” loan should be recorded at its fair value.

A credit analysis should be performed for a restructured loan in conjunction with its restructuring to determine its collectibility and estimated credit loss. When available information confirms that a specific restructured loan, or a portion thereof, is uncollectible, the uncollectible amount should be charged off against to the allowance for loan and lease losses at the time of the restructuring. As is the case for all loans, the credit quality of restructured loans should be regularly reviewed. The bank holding company should periodically evaluate the collectibility of the restructured loan so as to determine whether any additional amounts should be charged to the allowance for loan and lease losses or, if the restructuring involved an asset other than a loan, to another appropriate account.

**Trust Preferred Securities as Investments:** As bank holding company investments, trust preferred securities are hybrid instruments possessing characteristics typically associated with debt obligations. Although each issue of these securities may involve minor differences in terms, under the basic structure of trust preferred securities a corporate issuer, such as a bank holding company, first organizes a business trust or other special purpose entity. This trust issues two classes of securities: common securities, all of which are purchased and held by the corporate issuer, and trust preferred securities, which are sold to investors. The business trust’s only assets are deeply subordinated debentures of the corporate issuer, which the trust purchases with the proceeds from the sale of its common and preferred securities. The corporate issuer makes periodic interest payments on the subordinated debentures to the business trust, which uses these payments to pay periodic dividends on the trust preferred securities to the investors. The subordinated debentures have a stated maturity and may also be redeemed under other circumstances. Most trust preferred securities are subject to mandatory redemption upon the repayment of the debentures.

Trust preferred securities meet the definition of a security in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*). Because of the mandatory redemption provision in the typical trust preferred security, *investments* in trust preferred securities would normally be considered debt securities for financial accounting purposes. Accordingly, regardless of the authority under which a bank holding company is permitted to invest in trust preferred securities, bank holding companies should report these *investments* as debt

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securities for purposes of these reports (unless, based on the specific facts and circumstances of a particular issue of trust preferred securities, the securities would be considered equity rather than debt securities under ASC Topic 320). If not held for trading purposes, trust preferred securities issued by U.S. business trusts should be reported in Schedule HC-B, item 6(a), “Other domestic debt securities.” If not held for trading purposes, an investment in a structured financial product, such as a collateralized debt obligation, for which the underlying collateral is a pool of trust preferred securities issued by U.S. business trusts should be reported in Schedule HC-B, item 5(b)(1), “Cash instruments,” and in the appropriate subitem of Schedule HC-B, Memorandum item 6, “Structured financial products by underlying collateral or reference assets.”

**Trust Preferred Securities Issued:** Trust preferred securities are marketed under a variety of names including MIPS (“Monthly Income Preferred Securities”), QUIPS (“Quarterly Income Preferred Securities”) and TOPrS (“Trust Originated Preferred Securities”). These securities are generally issued out of special purpose entities whose voting common stock is wholly owned by the parent bank holding company. The proceeds from the issuance of these securities are lent to the bank holding company in the form of a very long term, deeply subordinated note. Under GAAP, the special purpose entity may either be a consolidated subsidiary of the bank holding company or a deconsolidated entity that qualifies as an unconsolidated subsidiary of the bank holding company for regulatory reporting and other regulatory purposes.

Bank holding companies seeking to issue such securities should consult with their Federal Reserve Bank. These transactions will normally be accorded Tier 1 capital status. Trust preferred securities issued by special purpose entities generally qualify as Tier 1 capital under the Federal Reserve’s capital adequacy guidelines for bank holding companies. To be eligible as Tier 1 capital, such instruments must provide for a minimum five-year consecutive deferral period on distributions to preferred shareholders. In addition, the intercompany loan must be subordinated to all subordinated debt and have the longest feasible maturity. The amount of these instruments, together with other cumulative preferred stock a bank holding company may include in Tier 1 capital, may constitute up to 25 percent of the sum of all core capital elements, including cumulative perpetual preferred stock and trust preferred stock. For purposes of determining this limitation, core capital elements include (1) common

stockholders’ equity, (2) qualifying noncumulative perpetual preferred stock, (3) qualifying cumulative perpetual preferred stock, and (4) minority interest. See the end of the instructions to Schedule HC-R for examples of determining the limit of trust preferred securities and other cumulative preferred stock that can be included in Tier 1 capital. Like other preferred stock includable in capital, these instruments require Federal Reserve approval before they may be redeemed.

For purposes of reporting on the FR Y-9C, trust preferred securities issued by a *consolidated* subsidiary should be reported in Schedule HC, item 19(b). In addition, amounts of trust preferred securities issued by a consolidated subsidiary that qualify and are included in Tier 1 capital (are within the limits for cumulative preferred stock as described in the risk-based capital guidelines) should be reported separately in Schedule HC-R, memorandum item 8.d, “Qualifying trust preferred securities,” and included in Schedule HC-R, item 6(b), “Qualifying restricted core capital elements.”

For special purpose entities that issue trust preferred securities and the entity is *not consolidated*, report the amount of subordinated notes payable by the bank holding company to the unconsolidated special purpose entity in Schedule HC, item 19(b). The amount of such notes, net of the bank holding company’s investment in the special purpose entity, that qualify and are included in Tier 1 capital (are within the limits for cumulative preferred stock as described in the risk-based capital guidelines) should be reported separately in Schedule HC-R, item 6(b).

Report the amounts of trust preferred securities issued by consolidated special purpose entities (or notes payable to unconsolidated special purpose entities that issue trust preferred securities, net of the bank holding company’s investment in the entity) that are in excess of the limits for cumulative preferred stock eligible for inclusion in Tier 1 capital, in Schedule HC-R, item 16, “Other Tier 2 capital components,” subject to the overall limits of Tier 2 capital.

**U.S. Banks:** See “Banks, U.S. and foreign.”

**U.S. Territories and Possessions:** United States territories and possessions include American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands.

**Valuation Allowance:** A valuation allowance is an account established against a specific asset category, or to

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recognize a specific liability, with the intent of absorbing some element of estimated loss. Such allowances are created by charges to expense in the Report of Income for Bank Holding Companies and are netted from the asset accounts to which they relate for presentation in the Consolidated Balance Sheet in the FR Y-9C. Provisions establishing or augmenting such allowances are to be reported as “Other noninterest expense” except for the provision for loan and lease losses and the provision for allocated transfer risk for which separate, specifically designated income statement items have been established on Schedule HI.

**Variable Interest Entity:** A variable interest entity (VIE), as described in ASC Subtopic 810-10, Consolidation – Overall (formerly FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*, as amended by FASB Statement No. 167, *Amendments to FASB Interpretation No. 46(R)*), is an entity in which equity investors do not have sufficient equity at risk for that entity to finance its activities without additional subordinated financial support or, as a group, the holders of the equity investment at risk lack one or more of the following three characteristics: (a) the power, through voting rights or similar rights, to direct the activities of an entity that most significantly impact the entity’s economic performance, (b) the obligation to absorb the expected losses of the entity, or (c) the right to receive the expected residual returns of the entity.

Variable interests in a VIE are contractual, ownership, or other pecuniary interests in an entity that change with changes in the fair value of the entity’s net assets exclusive of variable interests. For example, equity ownership in a VIE would be a variable interest as long as the equity ownership is considered to be at risk of loss.

ASC Subtopic 810-10 provides guidance for determining when a bank holding company or other company must consolidate certain special purposes entities, such as VIEs. Under ASC Subtopic 810-10, a bank holding company must perform a qualitative assessment to determine whether it has a controlling financial interest in a VIE. This must include an assessment of the characteristics of the bank holding company’s variable interest or interests and other involvements (including involvement of related parties and de facto agents), if any, in the VIE, as well as the involvement of other variable interest holders. The assessment must also consider the entity’s purpose and design, including the risks that the entity

was designed to create and pass through to its variable interest holders. In making this assessment, only substantive terms, transactions, and arrangements, whether contractual or noncontractual, are to be considered. Any term, transaction, or arrangement that does not have a substantive effect on an entity’s status as a VIE, the bank holding company’s power over a VIE, or the bank holding company’s obligation to absorb losses or its right to receive benefits of the VIE are to be disregarded when applying the provisions of ASC Subtopic 810-10.

If a bank holding company has a controlling financial interest in a VIE, it is deemed to be the primary beneficiary of the VIE and, therefore, must consolidate the VIE. An entity is deemed to have a controlling financial interest in a VIE if it has both of the following characteristics:

- The power to direct the activities of a variable interest entity that most significantly impact the entity’s economic performance.
- The obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity.

If a bank holding company holds a variable interest in a VIE, it must reassess each reporting period to determine whether it is the primary beneficiary. Based on a bank holding company’s reassessment it may be required to consolidate or deconsolidate the VIE if a change in the bank holding company’s status as the primary beneficiary has occurred.

ASC Subtopic 810-10 provide guidance on the initial measurement of a VIE that the primary beneficiary must consolidate. For example, if the primary beneficiary and the VIE are not under common control, the initial consolidation of a VIE that is a business is a business combination and must be accounted for in accordance with ASC Topic 805, Business Combinations (formerly FASB Statement No. 141 (revised 2007), *Business Combinations*). If a bank holding company is required to deconsolidate a VIE, it must follow the guidance for deconsolidating subsidiaries in ASC Subtopic 810-10 (formerly FASB Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements*).

When a bank holding company is required to consolidate a VIE because it is the primary beneficiary, the standard

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principles of consolidation apply after initial measurement (see “Rules of Consolidation” in the General Instructions). The assets and liabilities of consolidated VIEs should be reported on the balance sheet (Schedule HC) in the balance sheet category appropriate to the asset or liability. An institution that consolidates one or more VIEs must complete Schedule HC-V, Variable Interest Entities, to report, by balance sheet category, (a) the assets of consolidated VIEs that can be used only to settle obligations of the consolidated VIEs and (b) the liabilities of consolidated VIEs for which creditors do not have recourse to the general credit of the reporting institution. Such an institution also must report in Schedule HC-V the total amount of assets and the total amount of liabilities of its consolidated VIEs that do not meet these criteria.

**When-Issued Securities Transactions:** Transactions involving securities described as “when-issued” or “when-as-and-if-issued” are, by their nature, conditional, i.e., their completion is contingent upon the issuance of the securities. The accounting for contracts for the purchase or sale of when-issued securities or other securities that do not yet exist is addressed in ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by FASB Statement No. 149). Such contracts are excluded from the requirements of ASC Topic 815, as a regular-way security trade only if:

- (1) There is no other way to purchase or sell that security;
- (2) Delivery of that security and settlement will occur within the shortest period possible for that type of security; and
- (3) It is probable at inception and throughout the term of the individual contract that the contract will not settle net and will result in physical delivery of a security when it is issued.

A contract for the purchase or sale of when-issued securities may qualify for the regular-way security trade exclusion even though the contract permits net settlement or a market mechanism to facilitate net settlement of the contract exists (as described in ASC Topic 815). A bank

holding company should document the basis for concluding that it is probable that the contract will not settle net and will result in physical delivery.

If a when-issued securities contract does not meet the three criteria above, it should be accounted for as a derivative at fair value on the balance sheet (Schedule HC) and reported as a forward contract in Schedule HC-L, item 11(b). Such contracts should be reported on a gross basis on the balance sheet unless the criteria for netting in ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*), are met. (See the Glossary entry for “offsetting” for further information.)

If a when-issued securities contract qualifies for the regular-way security trade exclusion, it is not accounted for as a derivative. If the bank holding company accounts for these contracts on a trade-date basis, it should recognize the acquisition or disposition of the when-issued securities on its balance sheet (Schedule HC) at the inception of the contract. If the bank holding company accounts for these contracts on a settlement-date basis, contracts for the purchase and sale of when-issued securities should be reported as “Other off-balance sheet items” in Schedule HC-L, item 9, subject to the existing reporting thresholds for this item.

Trading in when-issued securities normally begins when the U.S. Treasury or some other issuer of securities announces a forthcoming issue. (In some cases, trading may begin in anticipation of such an announcement and should also be reported as described herein.) Since the exact price and terms of the security are unknown before the auction date, trading prior to that date is on a “yield” basis. On the auction date the exact terms and price of the security become known and when-issued trading continues until settlement date, when the securities are delivered and the issuer is paid. If physical delivery is taken on settlement date and settlement date accounting is used, the securities purchased by the bank holding company shall be reported on the balance sheet as held-to-maturity securities in Schedule HC, item 2(a), available-for-sale securities in Schedule HC, item 2(b), or trading assets in Schedule HC, item 5, as appropriate.

**Yield Maintenance Dollar Repurchase Agreement:** See “Repurchase/resale agreements.”

Validity (V) Edits for the FR Y-9C  
(Effective as of September 30, 2012)

Each edit in the checklist must balance, rounding errors are not allowed.

| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|--|---|
| FRY9C  | 20120930             | 99991231           | Revised     | Page 1   | Validity  | 0303        | CFO         | BHCKC490    | CFO must not be null.  | bhckc490 ne null  |
| FRY9C  | 20120930             | 99991231           | Revised     | Page 1   | Validity  | 0308        | DATESIGN    | BHTXJ196    | DATESIGN must not be null.   | bhtxj196 ne null  |
| FRY9C  | 20120930             | 99991231           | Revised     | Page 1   | Validity  | 0304        | CONTACTN    | BHTX8901    | CONTACTN must not be null.   | bhtx8901 ne null  |
| FRY9C  | 20120930             | 99991231           | Revised     | Page 1   | Validity  | 0305        | CONTACTP    | BHTX8902    | CONTACTP must not be null.   | bhtx8902 ne null  |
| FRY9C  | 20120930             | 99991231           | Revised     | Page 1   | Validity  | 0306        | CONTACTF    | BHTX9116    | CONTACTF must not be null.   | bhtx9116 ne null  |
| FRY9C  | 20120930             | 99991231           | Revised     | Page 1   | Validity  | 0307        | CONTACTE    | BHTX4086    | CONTACTE must not be null.   | bhtx4086 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Validity  | 1050        | HI-1h       | BHCK4107    | Sum of HI-1a1a through HI-1g must equal HI-1h.   | (bhck4435 + bhck4436 + bhckf821 + bhck4059 + bhck4065 + bhck4115 + bhckb488 + bhckb489 + bhck4060 + bhck4069 + bhck4020 + bhck4518) eq bhck4107   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Validity  | 1070        | HI-2f       | BHCK4073    | Sum of HI-2a1a through HI-2e must equal HI-2f.   | (bhcka517 + bhcka518 + bhck6761 + bhck4172 + bhck4180 + bhck4185 + bhck4397 + bhck4398) eq bhck4073   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Validity  | 1090        | HI-3        | BHCK4074    | HI-1h minus HI-2f must equal HI-3.   | (bhck4107 - bhck4073) eq bhck4074   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Validity  | 1770        | HI-4        | BHCK4230    | HI-B(II)5 must equal HI-4.   | bhct4230 eq bhck4230  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Validity  | 1110        | HI-5m       | BHCK4079    | Sum of HI-5a through HI-5l must equal HI-5m.   | (bhck4070 + bhck4483 + bhcka220 + bhckc886 + bhckc888 + bhckc887 + bhckc386 + bhckc387 + bhckb491 + bhckb492 + bhckb493 + bhck8560 + bhck8561 + bhckb496 + bhckb497) eq bhck4079        |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Validity  | 1130        | HI-7e       | BHCK4093    | Sum of HI-7a through HI-7d must equal HI-7e.   | (bhck4135 + bhck4217 + bhckc216 + bhckc232 + bhck4092) eq bhck4093  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Validity  | 1150        | HI-8        | BHCK4301    | Sum of HI-3, HI-5m through HI-6b minus the sum of HI-4 and HI-7e must equal HI-8.  | (bhck4074 + bhck4079 + bhck3521 + bhck3196) - (bhck4230 + bhck4093) eq bhck4301   |
| FRY9C  | 20090331             | 99991231           | Revised     | HI       | Validity  | 1170        | HI-10       | BHCK4300    | HI-8 minus HI-9 must equal HI-10.  | bhck4301 - bhck4302 eq bhck4300   |
| FRY9C  | 20090331             | 99991231           | Revised     | HI       | Validity  | 1190        | HI-12       | BHCKG104    | Sum of HI-10 and HI-11 must equal HI-12.   | (bhck4300 + bhck4320) eq bhckg104   |
| FRY9C  | 20090331             | 99991231           | Added       | HI       | Validity  | 1191        | HI-14       | BHCK4340    | HI-12 minus HI-13 must equal HI-14.  | (bhckg104 - bhckg103) eq bhck4340   |
| FRY9C  | 20090331             | 99991231           | Revised     | HI-A     | Validity  | 1430        | HI-14       | BHCK4340    | HI-A4 must equal HI-14.  | bhct4340 eq bhck4340  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Validity  | 1240        | HI-Mem3     | BHCK4313    | HI-Mem3 must be less than or equal to the sum of HI-1a1a through HI-1b.  | bhck4313 le (bhck4435 + bhck4436 + bhckf821 + bhck4059 + bhck4065)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Validity  | 1250        | HI-Mem4     | BHCK4507    | HI-Mem4 must be less than or equal to HI-1d3.  | bhck4507 le bhck4060  |
| FRY9C  | 20110630             | 99991231           | Revised     | HI       | Validity  | 1274        | HI-Mem9e    | BHCKF186    | For March, if HC-K4a is greater than or equal to \$2 million for any quarter of the preceding calendar year, then sum of HI-Mem9a through HI-Mem9e must equal HI-5c.     | if (mm-q1 eq 03) and (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then (bhck8757 + bhck8758 + bhck8759 + bhck8760 + bhckf186) eq bhcka220 |
| FRY9C  | 20110630             | 99991231           | Revised     | HI       | Validity  | 1276        | HI-Mem9e    | BHCKF186    | For June, if HC-K4a is greater than or equal to \$2 million for any quarter of the preceding calendar year, then sum of HI-Mem9a through HI-Mem9e must equal HI-5c.      | if (mm-q1 eq 06) and (bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000 or bhck3401-q6 ge 2000) then (bhck8757 + bhck8758 + bhck8759 + bhck8760 + bhckf186) eq bhcka220 |
| FRY9C  | 20110630             | 99991231           | Revised     | HI       | Validity  | 1277        | HI-Mem9e    | BHCKF186    | For September, if HC-K4a is greater than or equal to \$2 million for any quarter of the preceding calendar year, then sum of HI-Mem9a through HI-Mem9e must equal HI-5c. | if (mm-q1 eq 09) and (bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000 or bhck3401-q6 ge 2000 or bhck3401-q7 ge 2000) then (bhck8757 + bhck8758 + bhck8759 + bhck8760 + bhckf186) eq bhcka220 |
| FRY9C  | 20110630             | 99991231           | Revised     | HI       | Validity  | 1278        | HI-Mem9e    | BHCKF186    | For December, if HC-K4a is greater than or equal to \$2 million for any quarter of the preceding calendar year, then sum of HI-Mem9a through HI-Mem9e must equal HI-5c.  | if (mm-q1 eq 12) and (bhck3401-q5 ge 2000 or bhck3401-q6 ge 2000 or bhck3401-q7 ge 2000 or bhck3401-q8 ge 2000) then (bhck8757 + bhck8758 + bhck8759 + bhck8760 + bhckf186) eq bhcka220 |

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| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Validity  | 1295        | HI-Mem13     | BHCKA530    | HI-Mem13 must equal 1 (yes) or 0 (no).   | bhcka530 eq 1 or bhcka530 eq 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Validity  | 1300        | HI-Mem16     | BHCKF228    | HI-Mem16 must be less than or equal to HI-1a1a.  | bhckf228 le bhck4435  |
| FRY9C  | 20100331             | 99991231           | Added       | HI       | Validity  | 0220        | HI-Mem17c    | BHCKJ321    | HI-Mem17c must equal HI-Mem17a minus HI-Mem17b.  | bhckj321 eq (bhckj319 - bhckj320)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Validity  | 1400        | HI-A3        | BHCKB508    | Sum of HI-A1 and HI-A2 must equal HI-A3.   | (bhck3217 + bhckb507) eq bhckb508   |
| FRY9C  | 20090331             | 99991231           | Revised     | HI-A     | Validity  | 1500        | HI-A15       | BHCT3210    | Sum of HI-A3 through HI-A7, HI-A9, and HI-A12 through HI-A14 minus the sum of HI-A8, HI-A10, and HI-A11 must equal HI-A15. | (bhckb508 + bhct4340 + bhck3577 + bhck3578 + bhck3579 + bhck3580 + bhck4782 + bhck4356 + bhckb511 + bhck4591 + bhck3581) - (bhck4783 + bhck4598 + bhck4460) eq bhct3210   |
| FRY9C  | 20110331             | 99991231           | Revised     | HI-B     | Validity  | 1600        | HI-B(I)9A    | BHCK4635    | Sum of HI-B(I)1a1A through HI-B(I)8bA must equal HI-B(I)9A.  | (bhckc891 + bhckc893 + bhck3584 + bhck5411 + bhckc234 + bhckc235 + bhck3588 + bhckc895 + bhckc897 + bhckb512 + bhck4653 + bhck4654 + bhck4655 + bhck4645 + bhck4646 + bhckb514 + bhckk129 + bhckk205 + bhck4643 + bhck4644 + bhckf185 + bhckf880) eq bhck4635 |
| FRY9C  | 20110331             | 99991231           | Revised     | HI-B     | Validity  | 1620        | HI-B(I)9B    | BHCK4605    | Sum of HI-B(I)1a1B through HI-B(I)8bB must equal HI-B(I)9B.  | (bhckc892 + bhckc894 + bhck3585 + bhck5412 + bhckc217 + bhckc218 + bhck3589 + bhckc896 + bhckc898 + bhckb513 + bhck4663 + bhck4664 + bhck4665 + bhck4617 + bhck4618 + bhckb515 + bhckk133 + bhckk206 + bhck4627 + bhck4628 + bhckf187 + bhckf188) eq bhck4605 |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Validity  | 1730        | HI-B(II)9B   | BHCK4605    | HI-B(II)2 must equal HI-B(II)9B.   | bhct4605 eq bhck4605  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Validity  | 1640        | HI-B(I)Mem1A | BHCK5409    | HI-B(I)Mem1A must be less than or equal to the sum of HI-B(I)4aA, HI-B(I)4bA, and HI-B(I)7A.                               | bhck5409 le (bhck4645 + bhck4646 + bhck4644)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Validity  | 1660        | HI-B(I)Mem1B | BHCK5410    | HI-B(I)Mem1B must be less than or equal to the sum of HI-B(I)4aB, HI-B(I)4bB, and HI-B(I)7B.                               | bhck5410 le (bhck4617 + bhck4618 + bhck4628)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Validity  | 1680        | HI-B(I)Mem2A | BHCK4652    | HI-B(I)Mem2A must be less than or equal to the sum of HI-B(I)1a1A through HI-B(I)1fA.                                      | bhck4652 le (bhckc891 + bhckc893 + bhck3584 + bhck5411 + bhckc234 + bhckc235 + bhck3588 + bhckc895 + bhckc897 + bhckb512)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Validity  | 1700        | HI-B(I)Mem2B | BHCK4662    | HI-B(I)Mem2B must be less than or equal to the sum of HI-B(I)1a1B through HI-B(I)1fB.                                      | bhck4662 le (bhckc892 + bhckc894 + bhck3585 + bhck5412 + bhckc217 + bhckc218 + bhck3589 + bhckc896 + bhckc898 + bhckb513)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Validity  | 1750        | HI-B(II)4    | BHCK5523    | HI-B(II)3 must equal HI-B(II)9A minus HI-B(II)4.   | bhckc079 eq (bhck4635 - bhck5523)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Validity  | 1790        | HI-B(II)6    | BHCKC233    | The sum of HI-B(II)1, HI-B(II)2, HI-B(II)5, and HI-B(II)6 minus the sum of HI-B(II)3 and HI-B(II)4 must equal HI-B(II)7.   | (bhckb522 + bhct4605 + bhct4230 + bhckc233) - (bhckc079 + bhck5523) eq bhct3123   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Validity  | 2200        | HC-2a        | BHCK1754    | HC-B8A must equal HC-2a.   | bhct1754 eq bhck1754  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3730        | HC-2a        | BHCK1754    | For BHCs only, HC-R35A must equal HC-2a.   | for BHCs only bhcx1754 eq bhck1754  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Validity  | 2235        | HC-2b        | BHCK1773    | HC-B8D must equal HC-2b.   | bhct1773 eq bhck1773  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3755        | HC-2b        | BHCK1773    | For BHCs only, HC-R36A must equal HC-2b.   | for BHCs only bhcx1773 eq bhck1773  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3810        | HC-4a        | BHCK5369    | For BHCs only, HC-R38A must equal HC-4a.   | for BHCs only bhct5369 eq bhck5369  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3835        | HC-4b        | BHCKB528    | For BHCs only, HC-R39A must equal HC-4b.   | for BHCs only bhctb528 eq bhckb528  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Validity  | 2025        | HC-4c        | BHCK3123    | HI-B(II)7 must equal HC-4c.  | bhct3123 eq bhck3123  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3860        | HC-4c        | BHCK3123    | For BHCs only, HC-R40A must equal HC-4c.   | for BHCs only bhcx3123 eq bhck3123  |

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| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Validity  | 2050        | HC-4d       | BHCKB529    | HC-4b minus HC-4c must equal HC-4d.   | (bhckb528 - bhck3123) eq bhckb529  |
| FRY9C  | 20090331             | 99991231           | Revised     | HC-D     | Validity  | 2489        | HC-5        | BHCK3545    | If HC-D12A is not equal to null, then HC-D12A must equal HC-5.  | if bhct3545 ne null then bhct3545 eq bhck3545  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3885        | HC-5        | BHCK3545    | For BHCs only, HC-R41A must equal HC-5.   | for BHCs only bhcx3545 eq bhck3545   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC       | Validity  | 3040        | HC-7        | BHCK2150    | HC-M13 must equal HC-7.   | bhct2150 eq bhck2150   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Validity  | 3020        | HC-10b      | BHCK0426    | HC-M12d must equal HC-10b.  | bhct0426 eq bhck0426   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-F     | Validity  | 2655        | HC-11       | BHCK2160    | HC-F7 must equal HC-11.   | bhct2160 eq bhck2160   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC       | Validity  | 2070        | HC-12       | BHCK2170    | Sum of HC-1a through HC-4a and HC-4d through HC-11 must equal HC-12.  | (bhck0081 + bhck0395 + bhck0397 + bhck1754 + bhck1773 + bhdm987 + bhckb989 + bhck5369 + bhckb529 + bhck3545 + bhck2145 + bhck2150 + bhck2130 + bhck3656 + bhck3163 + bhck0426 + bhck2160) eq bhck2170  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Validity  | 2080        | HC-12       | BHCK2170    | HC-12 must be greater than zero.  | bhck2170 gt 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3945        | HC-12       | BHCK2170    | For BHCs only, HC-R43A must equal HC-12.  | for BHCs only bhct2170 eq bhck2170   |
| FRY9C  | 20090331             | 99991231           | Revised     | HC-D     | Validity  | 2524        | HC-15       | BHCK3548    | If HC-D15A is not equal to null, then HC-D15A must equal HC-15.   | if bhct3548 ne null then bhct3548 eq bhck3548  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Validity  | 3060        | HC-16       | BHCK3190    | HC-M14d must equal HC-16.   | bhct3190 eq bhck3190   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-G     | Validity  | 2695        | HC-20       | BHCK2750    | HC-G5 must equal HC-20.   | bhct2750 eq bhck2750   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Validity  | 2110        | HC-21       | BHCK2948    | Sum of HC-13a1 through HC-20 must equal HC-21.  | (bhdm6631 + bhdm6636 + bhfn6631 + bhfn6636 + bhdm993 + bhckb995 + bhck3548 + bhck3190 + bhck4062 + bhck699 + bhck2750) eq bhck2948   |
| FRY9C  | 20090331             | 99991231           | Revised     | HC       | Validity  | 2125        | HC-27a      | BHCK3210    | Sum of HC-23 through HC-26c must equal HC-27a.  | (bhck3283 + bhck3230 + bhck3240 + bhck3247 + bhckb530 + bhcka130) eq bhck3210  |
| FRY9C  | 20090331             | 99991231           | Revised     | HC       | Validity  | 2127        | HC-27a      | BHCK3210    | HI-A15 must equal HC-27a.   | bhct3210 eq bhck3210   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3490        | HC-27a      | BHCK3210    | For BHCs only, HC-R1 must equal HC-27a.   | for BHCs only bhcx3210 eq bhck3210   |
| FRY9C  | 20090331             | 99991231           | Revised     | HC       | Validity  | 2135        | HC-29       | BHCK3300    | Sum of HC-21 and HC-28 must equal HC-29.  | (bhck2948 + bhckg105) eq bhck3300  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Validity  | 2145        | HC-29       | BHCK3300    | HC-29 must equal HC-12.   | bhck3300 eq bhck2170   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Validity  | 2150        | HC-Mem1     | BHCKC884    | For December, HC-Mem1 must equal "1" (yes) or "0" (no).   | if (mm-q1 eq 12) then (bhckc884 eq 1 or bhckc884 eq 0)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Validity  | 2155        | HC-Mem1     | BHCKC884    | If HC-Mem1 is equal "1" (yes), then HC-Mem2a(1) through HC-Mem2b(2) must not equal null.                        | if (bhckc884 eq 1) then (textc703 ne null and textc708 ne null and textc714 ne null and textc715 ne null and textc704 ne null and textc705 ne null)  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Validity  | 0152        | HC-B5aA     | BHCKC026    | If HC-12 (previous June) is greater than \$1 billion, then HC-B5aA must equal sum of HC-BM5aA through HC-BM5fA. | if (((mm-q1 eq 03) and (bhck2170-q4 gt 1000000)) or ((mm-q1 eq 06) and (bhck2170-q5 gt 1000000)) or ((mm-q1 eq 09) and (bhck2170-q6 gt 1000000)) or ((mm-q1 eq 12) and (bhck2170-q7 gt 1000000))) then bhckc026 eq (bhckb838 + bhckb842 + bhckb846 + bhckb850 + bhckb854 + bhckb858) |

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| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Validity  | 0153        | HC-B5aB     | BHCKC988    | If HC-12 (previous June) is greater than \$1 billion, then HC-B5aB must equal sum of HC-BM5aB through HC-BM5fB. | if (((mm-q1 eq 03) and (bhck2170-q4 gt 1000000)) or ((mm-q1 eq 06) and (bhck2170-q5 gt 1000000)) or ((mm-q1 eq 09) and (bhck2170-q6 gt 1000000)) or ((mm-q1 eq 12) and (bhck2170-q7 gt 1000000))) then bhckc988 eq (bhckb839 + bhckb843 + bhckb847 + bhckb851 + bhckb855 + bhckb859) |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Validity  | 0154        | HC-B5aC     | BHCKC989    | If HC-12 (previous June) is greater than \$1 billion, then HC-B5aC must equal sum of HC-BM5aC through HC-BM5fC. | if (((mm-q1 eq 03) and (bhck2170-q4 gt 1000000)) or ((mm-q1 eq 06) and (bhck2170-q5 gt 1000000)) or ((mm-q1 eq 09) and (bhck2170-q6 gt 1000000)) or ((mm-q1 eq 12) and (bhck2170-q7 gt 1000000))) then bhckc989 eq (bhckb840 + bhckb844 + bhckb848 + bhckb852 + bhckb856 + bhckb860) |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Validity  | 0155        | HC-B5aD     | BHCKC027    | If HC-12 (previous June) is greater than \$1 billion, then HC-B5aD must equal sum of HC-BM5aD through HC-BM5fD. | if (((mm-q1 eq 03) and (bhck2170-q4 gt 1000000)) or ((mm-q1 eq 06) and (bhck2170-q5 gt 1000000)) or ((mm-q1 eq 09) and (bhck2170-q6 gt 1000000)) or ((mm-q1 eq 12) and (bhck2170-q7 gt 1000000))) then bhckc027 eq (bhckb841 + bhckb845 + bhckb849 + bhckb853 + bhckb857 + bhckb861) |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Validity  | 2175        | HC-B8A      | BHCT1754    | Sum of HC-B1A through HC-B6bA must equal HC-B8A.  | (bhck0211 + bhck1289 + bhck1294 + bhck8496 + bhckg300 + bhckg304 + bhckg308 + bhckg312 + bhckg316 + bhckg320 + bhckk142 + bhckk146 + bhckk150 + bhckk154 + bhckc026 + bhckg336 + bhckg340 + bhckg344 + bhck1737 + bhck1742) eq bhck1754  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Validity  | 2215        | HC-B8B      | BHCK1771    | Sum of HC-B1B through HC-B6bB must equal HC-B8B.  | (bhck0213 + bhck1290 + bhck1295 + bhck8497 + bhckg301 + bhckg305 + bhckg309 + bhckg313 + bhckg317 + bhckg321 + bhckk143 + bhckk147 + bhckk151 + bhckk155 + bhckc988 + bhckg337 + bhckg341 + bhckg345 + bhck1738 + bhck1743) eq bhck1771  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Validity  | 2225        | HC-B8C      | BHCK1772    | Sum of HC-B1C through HC-B7C must equal HC-B8C.   | (bhck1286 + bhck1291 + bhck1297 + bhck8498 + bhckg302 + bhckg306 + bhckg310 + bhckg314 + bhckg318 + bhckg322 + bhckk144 + bhckk148 + bhckk152 + bhckk156 + bhckc989 + bhckg338 + bhckg342 + bhckg346 + bhck1739 + bhck1744 + bhckc510) eq bhck1772                                   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Validity  | 2185        | HC-B8D      | BHCT1773    | Sum of HC-B1D through HC-B7D must equal HC-B8D.   | (bhck1287 + bhck1293 + bhck1298 + bhck8499 + bhckg303 + bhckg307 + bhckg311 + bhckg315 + bhckg319 + bhckg323 + bhckk145 + bhckk149 + bhckk153 + bhckk157 + bhckc027 + bhckg339 + bhckg343 + bhckg347 + bhck1741 + bhck1746 + bhckc511) eq bhct1773                                   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Validity  | 2240        | HC-BM1      | BHCK0416    | HC-BM1 must be less than or equal to the sum of HC-2a and HC-2b.  | bhck0416 le (bhck1754 + bhck1773)  |

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| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Validity  | 2250        | HC-BM2c     | BHCK0387    | If HC-N9C is equal to zero, then the sum of HC-BM2a through HC-BM2c must be equal to the sum of HC-B1A through HC-B6bA and HC-B1D through HC-B6bD.     | if bhck3507 eq 0 then (bhck0383 + bhck0384 + bhck0387) eq ((bhck0211 + bhck1289 + bhck1294 + bhck8496 + bhckg300 + bhckg304 + bhckg308 + bhckg312 + bhckg316 + bhckg320 + bhckk142 + bhckk146 + bhckk150 + bhckk154 + bhckc026 + bhckg336 + bhckg340 + bhckg344 + bhck1737 + bhck1742) + (bhck1287 + bhck1293 + bhck1298 + bhck8499 + bhckg303 + bhckg307 + bhckg311 + bhckg315 + bhckg319 + bhckg323 + bhckk145 + bhckk149 + bhckk153 + bhckk157 + bhckc027 + bhckg339 + bhckg343 + bhckg347 + bhck1741 + |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Validity  | 2260        | HC-BM4a     | BHCK8782    | HC-BM4a must be less than or equal to the sum of HC-B2aA through HC-B3A, HC-B5aA through HC-B6bA, HC-B2aC through HC-B3C, and HC-B5aC through HC-B6bC. | bhck8782 le (bhck1289 + bhck1294 + bhck8496 + bhckc026 + bhckg336 + bhckg340 + bhckg344 + bhck1737 + bhck1742 + bhck1291 + bhck1297 + bhck8498 + bhckc989 + bhckg338 + bhckg342 + bhckg346 + bhck1739 + bhck1744)  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Validity  | 2270        | HC-BM4b     | BHCK8783    | HC-BM4b must be less than or equal to the sum of HC-B2aB through HC-B3B, HC-B5aB through HC-B6bB, HC-B2aD through HC-B3D, and HC-B5aD through HC-B6bD. | bhck8783 le (bhck1290 + bhck1295 + bhck8497 + bhckc988 + bhckg337 + bhckg341 + bhckg345 + bhck1738 + bhck1743 + bhck1293 + bhck1298 + bhck8499 + bhckc027 + bhckg339 + bhckg343 + bhckg347 + bhck1741 + bhck1746)  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Validity  | 0156        | HC-BM6gA    | BHCKG372    | Sum of HC-BM6aA through HC-BM6gA must equal the sum of HC-B5b1A through HC-B5b3A.  | (bhckg348 + bhckg352 + bhckg356 + bhckg360 + bhckg364 + bhckg368 + bhckg372) eq (bhckg336 + bhckg340 + bhckg344)   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Validity  | 0157        | HC-BM6gB    | BHCKG373    | Sum of HC-BM6aB through HC-BM6gB must equal the sum of HC-B5b1B through HC-B5b3B.  | (bhckg349 + bhckg353 + bhckg357 + bhckg361 + bhckg365 + bhckg369 + bhckg373) eq (bhckg337 + bhckg341 + bhckg345)   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Validity  | 0158        | HC-BM6gC    | BHCKG374    | Sum of HC-BM6aC through HC-BM6gC must equal the sum of HC-B5b1C through HC-B5b3C.  | (bhckg350 + bhckg354 + bhckg358 + bhckg362 + bhckg366 + bhckg370 + bhckg374) eq (bhckg338 + bhckg342 + bhckg346)   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Validity  | 0159        | HC-BM6gD    | BHCKG375    | Sum of HC-BM6aD through HC-BM6gD must equal the sum of HC-B5b1D through HC-B5b3D.  | (bhckg351 + bhckg355 + bhckg359 + bhckg363 + bhckg367 + bhckg371 + bhckg375) eq (bhckg339 + bhckg343 + bhckg347)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0309        | HC-C1a1B    | BHCKF158    | Sum of HC-CM1a1 and HC-N1a1A through HC-N1a1C must be less than or equal to HC-C1a1B.  | (bhdmk158 + bhckf172 + bhckf174 + bhckf176) le bhckf158  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0310        | HC-C1a2B    | BHCKF159    | Sum of HC-CM1a2 and HC-N1a2A through HC-N1a2C must be less than or equal to HC-C1a2B.  | (bhdmk159 + bhckf173 + bhckf175 + bhckf177) le bhckf159  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0420        | HC-C1bB     | BHDM1420    | Sum of HC-CM1f1 and HC-N1bA through HC-N1bC must be less than or equal to HC-C1bB.   | (bhdmk166 + bhck3493 + bhck3494 + bhck3495) le bhdm1420  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0311        | HC-C1c2bB   | BHDM5368    | Sum of HC-CM1b and HC-N1c1A through HC-N1c2bC must be less than or equal to the sum of HC-C1c1B through HC-C1c2bB.                                     | (bhdmf576 + bhck5398 + bhck5399 + bhck5400 + bhckc236 + bhckc237 + bhckc229 + bhckc238 + bhckc239 + bhckc230) le (bhdm1797 + bhdm5367 + bhdm5368)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0312        | HC-C1dB     | BHDM1460    | Sum of HC-CM1c and HC-N1dA through HC-N1dC must be less than or equal to HC-C1dB.  | (bhdmk160 + bhck3499 + bhck3500 + bhck3501) le bhdm1460  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0313        | HC-C1e1B    | BHCKF160    | Sum of HC-CM1d1 and HC-N1e1A through HC-N1e1C must be less than or equal to HC-C1e1B.  | (bhdmk161 + bhckf178 + bhckf180 + bhckf182) le bhckf160  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0314        | HC-C1e2B    | BHCKF161    | Sum of HC-CM1d2 and HC-N1e2A through HC-N1e2C must be less than or equal to HC-C1e2B.  | (bhdmk162 + bhckf179 + bhckf181 + bhckf183) le bhckf161  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 2275        | HC-C1e2B    | BHCKF161    | Sum of HC-C1a1B through HC-C1e2B must be less than or equal to HC-C1A.   | (bhckf158 + bhckf159 + bhdm1420 + bhdm1797 + bhdm5367 + bhdm5368 + bhdm1460 + bhckf160 + bhckf161) le bhck1410   |

Validity (V) Edits for the FR Y-9C  
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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type | Edit Number | Target Item | MDRM Number | Edit Test   | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|--|
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0421        | HC-C2bA     | BHCK1296    | Sum of HC-CM1f2 and HC-N2aA through HC-N2bC must be less than or equal to the sum of HC-C2aA and HC-C2bA.   | (bhckk167 + bhck5377 + bhck5378 + bhck5379 + bhck5380 + bhck5381 + bhck5382) le (bhck1292 + bhck1296)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 2285        | HC-C2bA     | BHCK1296    | HC-C2B must be less than or equal to the sum of HC-C2aA and HC-C2bA.  | bhdm1288 le (bhck1292 + bhck1296)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0422        | HC-C3A      | BHCK1590    | Sum of HC-CM1f3 and HC-N3A through HC-N3C must be less than or equal to HC-C3A.   | (bhckk168 + bhck1594 + bhck1597 + bhck1583) le bhck1590  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 2300        | HC-C3B      | BHDM1590    | HC-C3B must be less than or equal to HC-C3A.  | bhdm1590 le bhck1590   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0315        | HC-C4bA     | BHCK1764    | Sum of HC-CM1e1, HC-CM1e2 and HC-N4A through HC-N4C must be less than or equal to the sum of HC-C4aA and HC-C4bA.   | (bhckk163 + bhckk164 + bhck1606 + bhck1607 + bhck1608) le (bhck1763 + bhck1764)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 2315        | HC-C4bA     | BHCK1764    | HC-C4B must be less than or equal to the sum of HC-C4aA and HC-C4bA.  | bhdm1766 le (bhck1763 + bhck1764)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0423        | HC-C6aA     | BHCKB538    | Sum of HC-CM1f4a and HC-N5aA through HC-N5aC must be less than or equal to HC-C6aA.   | (bhckk098 + bhckb575 + bhckb576 + bhckb577) le bhckb538  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0416        | HC-C6cA     | BHCKK137    | Sum of HC-CM1f4b and HC-N5bA through HC-N5bC must be less than or equal to HC-C6cA.   | (bhckk203 + bhckk213 + bhckk214 + bhckk215) le bhckk137  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Validity  | 2325        | HC-C6dA     | BHCKK207    | HC-C6B must be less than or equal to the sum of HC-C6aA, HC-C6bA, HC-C6cA and HC-C6dA.  | bhdm1975 le (bhckb538 + bhckb539 + bhckk137 + bhckk207)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0417        | HC-C6dA     | BHCKK207    | Sum of HC-CM1f4c and HC-N5cA through HC-N5cC must be less than or equal to the sum of HC-C6bA and HC-C6dA.  | (bhckk204 + bhckk216 + bhckk217 + bhckk218) le (bhckb539 + bhckk207)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0418        | HC-C7A      | BHCK2081    | Sum of HC-CM1f5 and HC-N6A through HC-N6C must be less than or equal to HC-C7A.   | (bhckk212 + bhck5389 + bhck5390 + bhck5391) le bhck2081  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 2333        | HC-C7B      | BHDM2081    | HC-C7B must be less than or equal to HC-C7A.  | bhdm2081 le bhck2081   |
| FRY9C  | 20100331             | 99991231           | Added       | HC-C     | Validity  | 2335        | HC-C9aB     | BHDMJ454    | HC-C9aB must be less than or equal to HC-C9aA.  | bhdmj454 le bhckj454   |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-C     | Validity  | 2337        | HC-C9b1B    | BHDM1545    | HC-C9b1B must be less than or equal to HC-C9b1A.  | bhdm1545 le bhck1545   |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-C     | Validity  | 2340        | HC-C9b2B    | BHDMJ451    | HC-C9b2B must be less than or equal to HC-C9b2A.  | bhdmj451 le bhckj451   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0316        | HC-C9b2A    | BHCKJ451    | Sum of HC-CM1f, HC-N1bA through HC-N1bC, HC-N1fA through HC-N3C, HC-N5aA through HC-N7C must be less than or equal to the sum of HC-C1A, HC-C2aA through HC-C3A, HC-C6aA through HC-C7A and HC-C9aA through HC-C9b2A minus the sum of HC-C1a1B, HC-C1a2B and HC-C1c1B through HC-C1e2B. | (bhckk165 + bhck3493 + bhck3494 + bhck3495 + bhckb572 + bhckb573 + bhckb574 + bhck5377 + bhck5378 + bhck5379 + bhck5380 + bhck5381 + bhck5382 + bhck1594 + bhck1597 + bhck1583 + bhckb575 + bhckb576 + bhckb577 + bhckk213 + bhckk214 + bhckk215 + bhckk216 + bhckk217 + bhckk218 + bhck5389 + bhck5390 + bhck5391 + bhck5459 + bhck5460 + bhck5461) le ((bhck1410 + bhck1292 + bhck1296 + bhck1590 + bhckb538 + bhckb539 + bhckk137 + bhckk207 + bhck2081 + bhckj454 + bhck1545 + bhckj451) - (bhckf158 + bhckf159 + bhdm1797 + bhdm5367 + bhdm5368 + |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0419        | HC-C9b2A    | BHCKJ451    | Sum of HC-CM1f6, HC-N1fA through HC-N1fC, and HC-N7A through HC-N7C must be less than or equal to the sum of HC-C1A, and HC-C9aA through HC-C9b2A minus the sum of HC-C1a1B through HC-C1e2B.   | (bhckk267 + bhckb572 + bhckb573 + bhckb574 + bhck5459 + bhck5460 + bhck5461) le ((bhck1410 + bhckj454 + bhck1545 + bhckj451) - (bhckf158 + bhckf159 + bhdm1420 + bhdm1797 + bhdm5367 + bhdm5368 + bhdm1460 + bhckf160 + bhckf161))   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 2360        | HC-C10bA    | BHCKF163    | HC-C10B must be less than or equal to the sum of HC-C10aA and HC-C10bA.   | bhdm2165 le (bhckf162 + bhckf163)  |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Validity  | 2370        | HC-C11A     | BHCK2123    | Sum of HC-C1A through HC-C10bA minus HC-C11A must equal HC-C12A.  | (bhck1410 + bhck1292 + bhck1296 + bhck1590 + bhck1763 + bhck1764 + bhckb538 + bhckb539 + bhckk137 + bhckk207 + bhck2081 + bhckj454 + bhck1545 + bhckj451 + bhckf162 + bhckf163) - bhck2123 eq bhck2122                                      |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 2380        | HC-C11B     | BHDM2123    | HC-C11B must be less than or equal to HC-C11A.  | bhdm2123 le bhck2123  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 2395        | HC-C12A     | BHCK2122    | HC-C12A must equal the sum of HC-4a and HC-4b.  | bhck2122 eq (bhck5369 + bhckb528)   |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-C     | Validity  | 2410        | HC-C12B     | BHDM2122    | Sum of HC-C1a1B through HC-C10B minus HC-C11B must equal HC-C12B.   | (bhckf158 + bhckf159 + bhdm1420 + bhdm1797 + bhdm5367 + bhdm5368 + bhdm1460 + bhckf160 + bhckf161 + bhdm1288 + bhdm1590 + bhdm1766 + bhdm1975 + bhdm2081 + bhdmj454 + bhdm1545 + bhdmj451 + bhdm2165) - bhdm2123 eq bhdm2122                |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 2420        | HC-C12B     | BHDM2122    | HC-C12B must be less than or equal to HC-C12A.  | bhdm2122 le bhck2122  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0347        | HC-CM1a1    | BHDMK158    | HC-CM1a1 must be less than or equal to HC-C1a1B   | bhdmk158 le bhckf158  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0348        | HC-CM1a2    | BHDMK159    | HC-CM1a2 must be less than or equal to HC-C1a2B   | bhdmk159 le bhckf159  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0349        | HC-CM1b     | BHDMF576    | HC-CM1b must be less than or equal to the sum of HC-C1c1B through HC-C1c2bB   | bhdmf576 le (bhdm1797 + bhdm5367 + bhdm5368)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0350        | HC-CM1c     | BHDMK160    | HC-CM1c must be less than or equal to HC-C1dB   | bhdmk160 le bhdm1460  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0351        | HC-CM1d1    | BHDMK161    | HC-CM1d1 must be less than or equal to HC-C1e1B   | bhdmk161 le bhckf160  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0352        | HC-CM1d2    | BHDMK162    | HC-CM1d2 must be less than or equal to HC-C1e2B   | bhdmk162 le bhckf161  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0353        | HC-CM1e1    | BHCKK163    | HC-CM1e1 must be less than or equal to HC-C4aA  | bhckk163 le bhck1763  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0354        | HC-CM1e2    | BHCKK164    | HC-CM1e2 must be less than or equal to HC-C4bA  | bhckk164 le bhck1764  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Validity  | 2430        | HC-CM1f     | BHCKK165    | HC-CM1f must be less than or equal to the sum of HC-C1A, HC-C2aA through HC-C3A, HC-C6aA through HC-C7A and HC-C9aA through HC-C9b2A minus the sum of HC-C1a1B, HC-C1a2B and HC-C1c1B through HC-C1e2B. | bhckk165 le ((bhck1410 + bhck1292 + bhck1296 + bhck1590 + bhckb538 + bhckb539 + bhckk137 + bhckk207 + bhck2081 + bhckj454 + bhck1545 + bhckj451) - (bhckf158 + bhckf159 + bhdm1797 + bhdm5367 + bhdm5368 + bhdm1460 + bhckf160 + bhckf161)) |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0356        | HC-CM1f1    | BHDMK166    | HC-CM1f1 must be less than or equal to HC-C1bB.   | bhdmk166 le bhdm1420  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0357        | HC-CM1f2    | BHCKK167    | HC-CM1f2 must be less than or equal to the sum of HC-C2aA and HC-C2bA.  | bhckk167 le (bhck1292 + bhck1296)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0358        | HC-CM1f3    | BHCKK168    | HC-CM1f3 must be less than or equal to HC-C3A.  | bhckk168 le bhck1590  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0359        | HC-CM1f4a   | BHCKK098    | HC-CM1f4a must be less than or equal to HC-C6aA.  | bhckk098 le bhckb538  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0360        | HC-CM1f4b   | BHCKK203    | HC-CM1f4b must be less than or equal to HC-C6cA.  | bhckk203 le bhckk137  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0361        | HC-CM1f4c   | BHCKK204    | HC-CM1f4c must be less than or equal to the sum of HC-C6bA and HC-C6dA.   | bhckk204 le (bhckb539 + bhckk207)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0362        | HC-CM1f5    | BHCKK212    | HC-CM1f5 must be less than or equal to HC-C7A.  | bhckk212 le bhck2081  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0355        | HC-CM1f6    | BHCKK267    | Sum of HC-CM1f1 through HC-CM1f6 must be less than or equal to HC-CM1f.   | (bhdmk166 + bhckk167 + bhckk168 + bhckk098 + bhckk203 + bhckk204 + bhckk212 + bhckk267) le bhckk165   |

Validity (V) Edits for the FR Y-9C  
(Effective as of September 30, 2012)

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|--|--|
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0363        | HC-CM1f6    | BHCKK267    | HC-CM1f6 must be less than or equal to the sum of HC-C1A, and HC-C9aA through HC-C9b2A minus the sum of HC-C1a1B through HC-C1e2B. | bhckk267 le ((bhck1410 + bhckj454 + bhck1545 + bhckj451) - (bhckf158 + bhckf159 + bhdm1420 + bhdm1797 + bhdm5367 + bhdm5368 + bhdm1460 + bhckf160 + bhckf161)) |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-C     | Validity  | 2440        | HC-CM2      | BHCK2746    | HC-CM2 must be less than or equal to the sum of HC-C4aA, HC-C4bA, and HC-C9b2A.  | bhck2746 le (bhck1763 + bhck1764 + bhckj451)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 2455        | HC-CM3      | BHCKB837    | HC-CM3 must be less than or equal to HC-C1A.   | bhckb837 le bhck1410   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 2460        | HC-CM4      | BHCKC391    | HC-CM4 must be less than or equal to HC-C6aA.  | bhckc391 le bhckb538   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 2465        | HC-CM6a     | BHCKF230    | HC-CM6a must be less than or equal to the sum of HC-C1c2aB and HC-C1c2bB.  | bhckf230 le (bhdm5367 + bhdm5368)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 0101        | HC-CM10a5B  | BHDMF584    | HC-CM10aA must be greater than or equal to the sum of HC-CM10a1B through HC-CM10a5B.   | bhckf608 ge (bhdmf578 + bhdmf579 + bhdmf580 + bhdmf581 + bhdmf582 + bhdmf583 + bhdmf584)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 0102        | HC-CM10bB   | BHDMF585    | HC-CM10bA must be greater than or equal to HC-CM10bB.  | bhckf585 ge bhdmf585   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 0103        | HC-CM10c1B  | BHDMF586    | HC-CM10c1A must be greater than or equal to HC-CM10c1B.  | bhckf586 ge bhdmf586   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 0104        | HC-CM10c2B  | BHDMF587    | HC-CM10c2A must be greater than or equal to HC-CM10c2B.  | bhckf587 ge bhdmf587   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Validity  | 0105        | HC-CM10c3B  | BHDMK196    | HC-CM10c3A must be greater than or equal to HC-CM10c3B.  | bhckk196 ge bhdmk196   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0226        | HC-CM10c4B  | BHDMK208    | HC-CM10c4A must be greater than or equal to HC-CM10c4B.  | bhckk208 ge bhdmk208   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 0106        | HC-CM10dB   | BHDMF589    | HC-CM10dA must be greater than or equal to HC-CM10dB.  | bhckf589 ge bhdmf589   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 0107        | HC-CM11a5B  | BHDMF596    | HC-CM11aA must be greater than or equal to the sum of HC-CM11a1B through HC-CM11a5B.   | bhckf609 ge (bhdmf590 + bhdmf591 + bhdmf592 + bhdmf593 + bhdmf594 + bhdmf595 + bhdmf596)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 0108        | HC-CM11bB   | BHDMF597    | HC-CM11bA must be greater than or equal to HC-CM11bB.  | bhckf597 ge bhdmf597   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 0109        | HC-CM11c1B  | BHDMF598    | HC-CM11c1A must be greater than or equal to HC-CM11c1B.  | bhckf598 ge bhdmf598   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 0110        | HC-CM11c2B  | BHDMF599    | HC-CM11c2A must be greater than or equal to HC-CM11c2B.  | bhckf599 ge bhdmf599   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Validity  | 0111        | HC-CM11c3B  | BHDMK195    | HC-CM11c3A must be greater than or equal to HC-CM11c3B.  | bhckk195 ge bhdmk195   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Validity  | 0227        | HC-CM11c4B  | BHDMK209    | HC-CM11c4A must be greater than or equal to HC-CM11c4B.  | bhckk209 ge bhdmk209   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Validity  | 0112        | HC-CM11dB   | BHDMF601    | HC-CM11dA must be greater than or equal to HC-CM11dB.  | bhckf601 ge bhdmf601   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0113        | HC-D1B      | BHCK3531    | HC-D1A must be greater than or equal to HC-D1B.  | bhcm3531 ge bhck3531   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0114        | HC-D2B      | BHCK3532    | HC-D2A must be greater than or equal to HC-D2B.  | bhcm3532 ge bhck3532   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0115        | HC-D3B      | BHCK3533    | HC-D3A must be greater than or equal to HC-D3B.  | bhcm3533 ge bhck3533   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Validity  | 0116        | HC-D4aB     | BHDMG379    | HC-D4aA must be greater than or equal to HC-D4aB.  | bhckg379 ge bhdmg379   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Validity  | 0117        | HC-D4bB     | BHDMG380    | HC-D4bA must be greater than or equal to HC-D4bB.  | bhckg380 ge bhdmg380   |

Validity (V) Edits for the FR Y-9C  
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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|--|--|
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Validity  | 0118        | HC-D4cB     | BHDMG381    | HC-D4cA must be greater than or equal to HC-D4cB.                              | bhckg381 ge bhdmg381   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Validity  | 0161        | HC-D4dB     | BHDMK197    | HC-D4dA must be greater than or equal to HC-D4dB.                              | bhckk197 ge bhdmk197   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-D     | Validity  | 0228        | HC-D4eB     | BHDMK198    | HC-D4eA must be greater than or equal to HC-D4eB.                              | bhckk198 ge bhdmk198   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Validity  | 0119        | HC-D5a1B    | BHDMG383    | HC-D5a1A must be greater than or equal to HC-D5a1B.                            | bhckg383 ge bhdmg383   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Validity  | 0162        | HC-D5a2B    | BHDMG384    | HC-D5a2A must be greater than or equal to HC-D5a2B.                            | bhckg384 ge bhdmg384   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Validity  | 0163        | HC-D5a3B    | BHDMG385    | HC-D5a3A must be greater than or equal to HC-D5a3B.                            | bhckg385 ge bhdmg385   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Validity  | 0164        | HC-D5bB     | BHDMG386    | HC-D5bA must be greater than or equal to HC-D5bB.                              | bhckg386 ge bhdmg386   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0120        | HC-D6a5B    | BHDMF613    | HC-D6aA must be greater than or equal to the sum of HC-D6a1B through HC-D6a5B. | bhckf610 ge (bhdmf604 + bhdmf605 + bhdmf606 + bhdmf607 + bhdmf611 + bhdmf612 + bhdmf613)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0121        | HC-D6bB     | BHDMF614    | HC-D6bA must be greater than or equal to HC-D6bB.                              | bhckf614 ge bhdmf614   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0122        | HC-D6c1B    | BHDMF615    | HC-D6c1A must be greater than or equal to HC-D6c1B.                            | bhckf615 ge bhdmf615   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0123        | HC-D6c2B    | BHDMF616    | HC-D6c2A must be greater than or equal to HC-D6c2B.                            | bhckf616 ge bhdmf616   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Validity  | 0124        | HC-D6c3B    | BHDMK199    | HC-D6c3A must be greater than or equal to HC-D6c3B.                            | bhckk199 ge bhdmk199   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-D     | Validity  | 0229        | HC-D6c4B    | BHDMK210    | HC-D6c4A must be greater than or equal to HC-D6c4B.                            | bhckk210 ge bhdmk210   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0125        | HC-D6dB     | BHDMF618    | HC-D6dA must be greater than or equal to HC-D6dB.                              | bhckf618 ge bhdmf618   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0126        | HC-D9B      | BHCK3541    | HC-D9A must be greater than or equal to HC-D9B.                                | bhcm3541 ge bhck3541   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0127        | HC-D11B     | BHCK3543    | HC-D11A must be greater than or equal to HC-D11B.                              | bhcm3543 ge bhck3543   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Validity  | 2479        | HC-D12A     | BHCT3545    | Sum of HC-D1A through HC-D11A must equal HC-D12A.                              | (bhcm3531 + bhcm3532 + bhcm3533 + bhckg379 + bhckg380 + bhckg381 + bhckk197 + bhckk198 + bhckg383 + bhckg384 + bhckg385 + bhckg386 + bhckf610 + bhckf614 + bhckf615 + bhckf616 + bhckk199 + bhckk210 + bhckf618 + bhcm3541 + bhcm3542) eq bhct3545   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0128        | HC-D12B     | BHDM3545    | HC-D12A must be greater than or equal to HC-D12B.                              | bhct3545 ge bhdm3545   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Validity  | 0160        | HC-D12B     | BHDM3545    | Sum of HC-D1B through HC-D11B must equal HC-D12B.                              | (bhck3531 + bhck3532 + bhck3533 + bhdmg379 + bhdmg380 + bhdmg381 + bhdmk197 + bhdmk198 + bhdmg383 + bhdmg384 + bhdmg385 + bhdmg386 + bhdmf604 + bhdmf605 + bhdmf606 + bhdmf607 + bhdmf611 + bhdmf612 + bhdmf613 + bhdmf614 + bhdmf615 + bhdmf616 + bhdmk199 + bhdmk210 + bhdmf618 + bhck3541 + bhck3543) eq bhdm3545 |
| FRY9C  | 20090331             | 99991231           | Revised     | HC-D     | Validity  | 0129        | HC-D13a1B   | BHDMG209    | HC-D13a1A must be greater than or equal to HC-D13a1B.                          | bhckg209 ge bhdmg209   |
| FRY9C  | 20090331             | 99991231           | Added       | HC-D     | Validity  | 0150        | HC-D13a2B   | BHDMG210    | HC-D13a2A must be greater than or equal to HC-D13a2B.                          | bhckg210 ge bhdmg210   |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|--|
| FRY9C  | 20090331             | 99991231           | Added       | HC-D     | Validity  | 0151        | HC-D13a3B   | BHDMG211    | HC-D13a3A must be greater than or equal to HC-D13a3B.                             | bhckg211 ge bhdmg211   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0130        | HC-D13bB    | BHDMF624    | HC-D13bA must be greater than or equal to HC-D13bB.                               | bhckf624 ge bhdmf624   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0131        | HC-D14B     | BHDM3547    | HC-D14A must be greater than or equal to HC-D14B.                                 | bhck3547 ge bhdm3547   |
| FRY9C  | 20090331             | 99991231           | Revised     | HC-D     | Validity  | 2509        | HC-D15A     | BHCT3548    | Sum of HC-D13a1A, HC-D13a2A, HC-D13a3A, HC-D13bA, and HC-D14A must equal HC-D15A. | (bhckg209 + bhckg210 + bhckg211 + bhckf624 + bhck3547) eq bhct3548   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0132        | HC-D15B     | BHDM3548    | HC-D15A must be greater than or equal to HC-D15B.                                 | bhct3548 ge bhdm3548   |
| FRY9C  | 20090331             | 99991231           | Revised     | HC-D     | Validity  | 0141        | HC-D15B     | BHDM3548    | Sum of HC-D13a1B, HC-D13a2B, HC-D13a3B, HC-D13bB, and HC-D14B must equal HC-D15B. | (bhdmg209 + bhdmg210 + bhdmg211 + bhdmf624 + bhdm3547) eq bhdm3548   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0133        | HC-DM1a5B   | BHDMF631    | HC-DM1aA must be greater than or equal to the sum of HC-DM1a1B through HC-DM1a5B. | bhckf790 ge (bhdmf625 + bhdmf626 + bhdmf627 + bhdmf628 + bhdmf629 + bhdmf630 + bhdmf631)                         |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0134        | HC-DM1bB    | BHDMF632    | HC-DM1bA must be greater than or equal to HC-DM1bB.                               | bhckf632 ge bhdmf632   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0135        | HC-DM1c1B   | BHDMF633    | HC-DM1c1A must be greater than or equal to HC-DM1c1B.                             | bhckf633 ge bhdmf633   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0136        | HC-DM1c2B   | BHDMF634    | HC-DM1c2A must be greater than or equal to HC-DM1c2B.                             | bhckf634 ge bhdmf634   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Validity  | 0137        | HC-DM1c3B   | BHDMK200    | HC-DM1c3A must be greater than or equal to HC-DM1c3B.                             | bhckk200 ge bhdmk200   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-D     | Validity  | 0230        | HC-DM1c4B   | BHDMK211    | HC-DM1c4A must be greater than or equal to HC-DM1c4B.                             | bhckk211 ge bhdmk211   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Validity  | 0138        | HC-DM1dB    | BHDMF636    | HC-DM1dA must be greater than or equal to HC-DM1dB.                               | bhckf636 ge bhdmf636   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Validity  | 0139        | HC-DM2aB    | BHDMF639    | HC-DM2aA must be greater than or equal to HC-DM2aB.                               | bhckf639 ge bhdmf639   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Validity  | 0140        | HC-DM2bB    | BHDMF640    | HC-DM2bA must be greater than or equal to HC-DM2bB.                               | bhckf640 ge bhdmf640   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Validity  | 0165        | HC-DM3aB    | BHDMG299    | HC-DM3aA must be greater than or equal to HC-DM3aB.                               | bhckg299 ge bhdmg299   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Validity  | 0166        | HC-DM3bB    | BHDMG332    | HC-DM3bA must be greater than or equal to HC-DM3bB.                               | bhckg332 ge bhdmg332   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Validity  | 0167        | HC-DM3cB    | BHDMG333    | HC-DM3cA must be greater than or equal to HC-DM3cB.                               | bhckg333 ge bhdmg333   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Validity  | 0168        | HC-DM3dB    | BHDMG334    | HC-DM3dA must be greater than or equal to HC-DM3dB.                               | bhckg334 ge bhdmg334   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Validity  | 0169        | HC-DM3eB    | BHDMG335    | HC-DM3eA must be greater than or equal to HC-DM3eB.                               | bhckg335 ge bhdmg335   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Validity  | 0170        | HC-DM3fB    | BHDMG651    | HC-DM3fA must be greater than or equal to HC-DM3fB.                               | bhckg651 ge bhdmg651   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Validity  | 0174        | HC-DM3gA    | BHCKG652    | Sum of HC-DM3aA through HC-DM3gA must equal the sum of HC-D5a1A through HC-D5a3A. | (bhckg299 + bhckg332 + bhckg333 + bhckg334 + bhckg335 + bhckg651 + bhckg652) eq (bhckg383 + bhckg384 + bhckg385) |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Validity  | 0171        | HC-DM3gB    | BHDMG652    | HC-DM3gA must be greater than or equal to HC-DM3gB.                               | bhckg652 ge bhdmg652   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Validity  | 0175        | HC-DM3gB    | BHDMG652    | Sum of HC-DM3aB through HC-DM3gB must equal the sum of HC-D5a1B through HC-D5a3B. | (bhdmg299 + bhdmg332 + bhdmg333 + bhdmg334 + bhdmg335 + bhdmg651 + bhdmg652) eq (bhdmg383 + bhdmg384 + bhdmg385) |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Validity  | 0172        | HC-DM4aB    | BHDMG387    | HC-DM4aA must be greater than or equal to HC-DM4aB.   | bhckg387 ge bhdmg387  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Validity  | 0173        | HC-DM4bB    | BHDMG388    | HC-DM4bA must be greater than or equal to HC-DM4bB.   | bhckg388 ge bhdmg388  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Validity  | 2550        | HC-E1e      | BHCB2604    | If HC-E1e is greater than zero, then HC-E1e must be greater than or equal to \$100k.                      | if bhcb2604 gt 0 then bhcb2604 ge 100   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Validity  | 2580        | HC-E2e      | BHOD2604    | Sum of HC-E1a through HC-E2e must equal the sum of HC-13a1 and HC-13a2.                                   | (bhcb2210 + bhcb3187 + bhcb2389 + bhcb6648 + bhcb2604 + bhod3189 + bhod3187 + bhod2389 + bhod6648 + bhod2604) eq (bhdm6631 + bhdm6636)            |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Validity  | 2595        | HC-E2e      | BHOD2604    | If HC-E2e is greater than zero, then HC-E2e must be greater than or equal to \$100k.                      | if bhod2604 gt 0 then bhod2604 ge 100   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Validity  | 2615        | HC-EM3      | BHDMA242    | HC-EM3 must be less than or equal to the sum of HC-E1e and HC-E2e.  | bhdma242 le (bhcb2604 + bhod2604)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Validity  | 2625        | HC-EM4      | BHFNA245    | HC-EM4 must be less than or equal to the sum of HC-13b1 and HC-13b2.                                      | bhfn245 le (bhfn6631 + bhfn6636)  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-F     | Validity  | 2640        | HC-F6       | BHCK2168    | Sum of HC-F1 through HC-F6 must equal HC-F7.  | (bhckb556 + bhck2148 + bhcka519 + bhcka520 + bhck1752 + bhckk201 + bhckk202 + bhckk270 + bhck2168) eq bhct2160                                    |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-G     | Validity  | 2680        | HC-G4       | BHCKB984    | Sum of HC-G2 through HC-G4 must equal HC-G5.  | (bhck3049 + bhckb557 + bhckb984) eq bhct2750  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-H     | Validity  | 2710        | HC-H1       | BHCK3197    | HC-H1 must be less than or equal to the sum of HC-1b1 through HC-4b, HC-7, HC-8, and HC-11 minus HC-N10C. | bhck3197 le ((bhck0395 + bhck0397 + bhck1754 + bhck1773 + bhdmb987 + bhckb989 + bhck5369 + bhckb528 + bhck2150 + bhck2130 + bhck2160) - bhck5526) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-H     | Validity  | 2725        | HC-H3       | BHCK3298    | HC-H3 must be less than or equal to the sum of HC-16 and HC-19a.  | bhck3298 le (bhck3190 + bhck4062)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-H     | Validity  | 2740        | HC-H5       | BHCK3409    | HC-H5 must be less than or equal to HC-19a.   | bhck3409 le bhck4062  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Validity  | 2770        | HC-K5       | BHCK3368    | HC-K5 must be greater than zero.  | bhck3368 gt 0   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3635        | HC-K5       | BHCK3368    | For BHCs only, HC-R22 must equal HC-K5.   | for BHCs only bhct3368 eq bhck3368  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Validity  | 2775        | HC-L1c1     | BHCK3816    | Sum of HC-L1c1a and HC-L1c1b must equal HC-L1c1.  | (bhckf164 + bhckf165) eq bhck3816   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Validity  | 2800        | HC-L2a      | BHCK3820    | HC-L2a must be less than or equal to HC-L2.   | bhck3820 le bhck6566  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4045        | HC-L3       | BHCK6570    | For BHCs only, HC-R45A must equal HC-L3.  | for BHCs only bhct6570 eq bhck6570  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Validity  | 2805        | HC-L3a      | BHCK3822    | HC-L3a must be less than or equal to HC-L3.   | bhck3822 le bhck6570  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4075        | HC-L4       | BHCK3411    | For BHCs only, HC-R46A must equal HC-L4.  | for BHCs only bhct3411 eq bhck3411  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4125        | HC-L6       | BHCK3433    | For BHCs only, HC-R48A must equal HC-L6.  | for BHCs only bhct3433 eq bhck3433  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-L     | Validity  | 0425        | HC-L7c2c    | BHCKG405    | For SLHCs only, HC-L7c1a through HC-L7c2c must equal null.  | for SLHCs only bhckg401 eq null and bhckg402 eq null and bhckg403 eq null and bhckg404 eq null and bhckg405 eq null                               |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Validity  | 2815        | HC-L9g      | BHCK6586    | Sum of HC-L9a through HC-L9g must be less than or equal to HC-L9.   | (bhck3432 + bhck3434 + bhck3435 + bhck6561 + bhck6562 + bhck6568 + bhck6586) le bhck3430  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Validity  | 2830        | HC-L13A     | BHCK8725    | Sum of HC-L11aA through HC-L11eA must equal the sum of HC-L12A and HC-L13A.                               | (bhck8693 + bhck8697 + bhck8701 + bhck8705 + bhck8709 + bhck8713 + bhck3450) eq (bhcka126 + bhck8725)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Validity  | 2855        | HC-L13B     | BHCK8726    | Sum of HC-L11aB through HC-L11eB must equal the sum of HC-L12B and HC-L13B.                               | (bhck8694 + bhck8698 + bhck8702 + bhck8706 + bhck8710 + bhck8714 + bhck3826) eq (bhcka127 + bhck8726)   |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|--|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Validity  | 2880        | HC-L13C     | BHCK8727    | Sum of HC-L11aC through HC-L11eC must equal the sum of HC-L12C and HC-L13C.                | (bhck8695 + bhck8699 + bhck8703 + bhck8707 + bhck8711 + bhck8715 + bhck8719) eq (bhck8723 + bhck8727)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Validity  | 2895        | HC-L13D     | BHCK8728    | Sum of HC-L11aD through HC-L11eD must equal the sum of HC-L12D and HC-L13D.                | (bhck8696 + bhck8700 + bhck8704 + bhck8708 + bhck8712 + bhck8716 + bhck8720) eq (bhck8724 + bhck8728)  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Validity  | 0177        | HC-L15b8A   | BHCKG458    | Sum of HC-L15b1A through HC-L15b7A must equal HC-L15b8A.                                   | (bhckg423 + bhckg428 + bhckg433 + bhckg438 + bhckg443 + bhckg448 + bhckg453) eq bhckg458   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Validity  | 0178        | HC-L15b8B   | BHCKG459    | Sum of HC-L15b1B through HC-L15b7B must equal HC-L15b8B.                                   | (bhckg424 + bhckg429 + bhckg434 + bhckg439 + bhckg444 + bhckg449 + bhckg454) eq bhckg459   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Validity  | 0179        | HC-L15b8C   | BHCKG460    | Sum of HC-L15b1C through HC-L15b7C must equal HC-L15b8C.                                   | (bhckg425 + bhckg430 + bhckg435 + bhckg440 + bhckg445 + bhckg450 + bhckg455) eq bhckg460   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Validity  | 0180        | HC-L15b8D   | BHCKG461    | Sum of HC-L15b1D through HC-L15b7D must equal HC-L15b8D.                                   | (bhckg426 + bhckg431 + bhckg436 + bhckg441 + bhckg446 + bhckg451 + bhckg456) eq bhckg461   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Validity  | 0181        | HC-L15b8E   | BHCKG462    | Sum of HC-L15b1E through HC-L15b7E must equal HC-L15b8E.                                   | (bhckg427 + bhckg432 + bhckg437 + bhckg442 + bhckg447 + bhckg452 + bhckg457) eq bhckg462   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Validity  | 2920        | HC-M2       | BHCK6555    | HC-M2 must be less than or equal to the sum of HC-16 and HC-19a.                           | bhck6555 le (bhck3190 + bhck4062)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Validity  | 2925        | HC-M3       | BHCK6556    | HC-M3 must be less than or equal to the sum of HC-16 and HC-19a.                           | bhck6556 le (bhck3190 + bhck4062)  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-M     | Validity  | 0222        | HC-M6a5     | BHCKK183    | Sum of HC-M6a1a1 through HC-M6a5 must be less than or equal to the sum of HC-4a and HC-4b. | (bhdmk169 + bhdmk170 + bhdmk171 + bhdmk172 + bhdmk173 + bhdmk174 + bhdmk175 + bhdmk176 + bhdmk177 + bhckk178 + bhckk179 + bhckk180 + bhckk181 + bhckk182 + bhckk183) le (bhck5369 + bhck528) |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0317        | HC-M6a1a1   | BHDMK169    | Sum of HC-N12a1aA through HC-N12a1aC must be less than or equal to HC-M6a1a1.              | (bhdmk045 + bhdmk046 + bhdmk047) le bhdmk169   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0332        | HC-M6a1a1   | BHDMK169    | HC-M6a1a1 must be less than or equal to HC-C1a1B.  | bhdmk169 le bhckf158   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0318        | HC-M6a1a2   | BHDMK170    | Sum of HC-N12a1bA through HC-N12a1bC must be less than or equal to HC-M6a1a2.              | (bhdmk048 + bhdmk049 + bhdmk050) le bhdmk170   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0333        | HC-M6a1a2   | BHDMK170    | HC-M6a1a2 must be less than or equal to HC-C1a2B.  | bhdmk170 le bhckf159   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0319        | HC-M6a1b    | BHDMK171    | Sum of HC-N12a2A through HC-N12a2C must be less than or equal to HC-M6a1b.                 | (bhdmk051 + bhdmk052 + bhdmk053) le bhdmk171   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0334        | HC-M6a1b    | BHDMK171    | HC-M6a1b must be less than or equal to HC-C1bB.  | bhdmk171 le bhdm1420   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0320        | HC-M6a1c1   | BHDMK172    | Sum of HC-N12a3aA through HC-N12a3aC must be less than or equal to HC-M6a1c1.              | (bhdmk054 + bhdmk055 + bhdmk056) le bhdmk172   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0335        | HC-M6a1c1   | BHDMK172    | HC-M6a1c1 must be less than or equal to HC-C1c1B.  | bhdmk172 le bhdm1797   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0321        | HC-M6a1c2a  | BHDMK173    | Sum of HC-N12a3b1A through HC-N12a3b1C must be less than or equal to HC-M6a1c2a.           | (bhdmk057 + bhdmk058 + bhdmk059) le bhdmk173   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0336        | HC-M6a1c2a  | BHDMK173    | HC-M6a1c2a must be less than or equal to HC-C1c2aB.  | bhdmk173 le bhdm5367   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0322        | HC-M6a1c2b  | BHDMK174    | Sum of HC-N12a3b2A through HC-N12a3b2C must be less than or equal to HC-M6a1c2b.           | (bhdmk060 + bhdmk061 + bhdmk062) le bhdmk174   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0337        | HC-M6a1c2b  | BHDMK174    | HC-M6a1c2b must be less than or equal to HC-C1c2bB.  | bhdmk174 le bhdm5368   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0323        | HC-M6a1d    | BHDMK175    | Sum of HC-N12a4A through HC-N12a4C must be less than or equal to HC-M6a1d.                 | (bhdmk063 + bhdmk064 + bhdmk065) le bhdmk175   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0338        | HC-M6a1d    | BHDMK175    | HC-M6a1d must be less than or equal to HC-C1dB.  | bhdmk175 le bhdm1460   |

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| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0324        | HC-M6a1e1   | BHDMK176    | Sum of HC-N12a5aA through HC-N12a5aC must be less than or equal to HC-M6a1e1.  | (bhdmk066 + bhdmk067 + bhdmk068) le bhdmk176  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0339        | HC-M6a1e1   | BHDMK176    | HC-M6a1e1 must be less than or equal to HC-C1e1B.  | bhdmk176 le bhckf160  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0325        | HC-M6a1e2   | BHDMK177    | Sum of HC-N12a5bA through HC-N12a5bC must be less than or equal to HC-M6a1e2.  | (bhdmk069 + bhdmk070 + bhdmk071) le bhdmk177  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0340        | HC-M6a1e2   | BHDMK177    | HC-M6a1e2 must be less than or equal to HC-C1e2B.  | bhdmk177 le bhckf161  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0326        | HC-M6a2     | BHCKK178    | Sum of HC-N12bA through HC-N12bC must be less than or equal to HC-M6a2.  | (bhckk072 + bhckk073 + bhckk074) le bhckk178  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0341        | HC-M6a2     | BHCKK178    | HC-M6a2 must be less than or equal to HC-C3A.  | bhckk178 le bhck1590  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0327        | HC-M6a3     | BHCKK179    | Sum of HC-N12cA through HC-N12cC must be less than or equal to HC-M6a3.  | (bhckk075 + bhckk076 + bhckk077) le bhckk179  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0342        | HC-M6a3     | BHCKK179    | HC-M6a3 must be less than or equal to the sum of HC-C4aA and HC-C4bA.  | bhckk179 le (bhck1763 + bhck1764)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0328        | HC-M6a4a    | BHCKK180    | Sum of HC-N12d1A through HC-N12d1C must be less than or equal to HC-M6a4a.   | (bhckk078 + bhckk079 + bhckk080) le bhckk180  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0343        | HC-M6a4a    | BHCKK180    | HC-M6a4a must be less than or equal to HC-C6aA.  | bhckk180 le bhckb538  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0329        | HC-M6a4b    | BHCKK181    | Sum of HC-N12d2A through HC-N12d2C must be less than or equal to HC-M6a4b.   | (bhckk081 + bhckk082 + bhckk083) le bhckk181  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0344        | HC-M6a4b    | BHCKK181    | HC-M6a4b must be less than or equal to HC-C6cA.  | bhckk181 le bhckk137  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0330        | HC-M6a4c    | BHCKK182    | Sum of HC-N12d3A through HC-N12d3C must be less than or equal to HC-M6a4c.   | (bhckk084 + bhckk085 + bhckk086) le bhckk182  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0345        | HC-M6a4c    | BHCKK182    | HC-M6a4c must be less than or equal to the sum of HC-C6bA and HC-C6dA.   | bhckk182 le (bhckb539 + bhckk207)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0331        | HC-M6a5     | BHCKK183    | Sum of HC-N12eA through HC-N12eC must be less than or equal to HC-M6a5.  | (bhckk087 + bhckk088 + bhckk089) le bhckk183  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0346        | HC-M6a5     | BHCKK183    | HC-M6a5 must be less than or equal to the sum of HC-C1A, HC-C2aA, HC-C2bA, HC-C7A through HC-C10bA minus the sum of HC-C1a1B through HC-C1e2B. | bhckk183 le ((bhck1410 + bhck1292 + bhck1296 + bhck2081 + bhckj454 + bhck1545 + bhckj451 + bhckf162 + bhckf163) - (bhckf158 + bhckf159 + bhdm1420 + bhdm1797 + bhdm5367 + bhdm5368 + bhdm1460 + bhckf160 + bhckf161)) |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0366        | HC-M6a5a    | BHCKK184    | HC-M6a5a must be less than or equal to the sum of HC-C2aA and HC-C2bA.   | bhckk184 le (bhck1292 + bhck1296)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0412        | HC-M6a5a    | BHCKK184    | Sum of HC-N12e1A through HC-N12e1C must be less than or equal to HC-M6a5a.   | (bhckk091 + bhckk092 + bhckk093) le bhckk184  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0367        | HC-M6a5b    | BHCKK185    | HC-M6a5b must be less than or equal to HC-C7A.   | bhckk185 le bhck2081  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0413        | HC-M6a5b    | BHCKK185    | Sum of HC-N12e2A through HC-N12e2C must be less than or equal to HC-M6a5b.   | (bhckk095 + bhckk096 + bhckk097) le bhckk185  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0368        | HC-M6a5c    | BHCKK186    | HC-M6a5c must be less than or equal to the sum of HC-C1A, and HC-C9aA through HC-C9b2A minus the sum of HC-C1a1B through HC-C1e2B.             | bhckk186 le ((bhck1410 + bhckj454 + bhck1545 + bhckj451) - (bhckf158 + bhckf159 + bhdm1420 + bhdm1797 + bhdm5367 + bhdm5368 + bhdm1460 + bhckf160 + bhckf161))  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0414        | HC-M6a5c    | BHCKK186    | Sum of HC-N12e3A through HC-N12e3C must be less than or equal to HC-M6a5c.   | (bhckk099 + bhckk100 + bhckk101) le bhckk186  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0364        | HC-M6a5d    | BHCKK273    | Sum of HC-M6a5a through HC-M6a5d must be less than or equal to HC-M6a5.  | (bhckk184 + bhckk185 + bhckk186 + bhckk273) le bhckk183   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0369        | HC-M6a5d    | BHCKK273    | HC-M6a5d must be less than or equal to the sum of HC-C10aA and HC-C10bA.   | bhckk273 le (bhckf162 + bhckf163)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0415        | HC-M6a5d    | BHCKK273    | Sum of HC-N12e4A through HC-N12e4C must be less than or equal to HC-M6a5d.   | (bhckk269 + bhckk271 + bhckk272) le bhckk273  |

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| FRY9C  | 20110331             | 99991231           | Revised     | HC-M     | Validity  | 0223        | HC-M6b6     | BHFNK260    | Sum of HC-M6b1 through HC-M6b6 must be less than or equal to HC-7.                                | (bhdmk187 + bhdmk188 + bhdmk189 + bhdmk190 + bhdmk191 + bhfnk260) le bhck2150           |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Validity  | 0365        | HC-M6b7     | BHCKK192    | HC-M6b7 must be less than or equal to the sum of HC-M6b1 through HC-M6b6.                         | bhck192 le (bhdmk187 + bhdmk188 + bhdmk189 + bhdmk190 + bhdmk191 + bhfnk260)            |
| FRY9C  | 20100331             | 99991231           | Added       | HC-M     | Validity  | 0224        | HC-M6c      | BHCKJ461    | HC-M6c must be less than or equal to the sum of HC-2a and HC-2b.                                  | bhckj461 le (bhck1754 + bhck1773)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Validity  | 2955        | HC-M8       | BHCKC251    | HC-M8 must equal 1 (yes) or 0 (no).   | bhckc251 eq 1 or bhckc251 eq 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Validity  | 2970        | HC-M9       | BHCK6689    | HC-M9 must equal 1 (yes) or 0 (no).   | bhck6689 eq 1 or bhck6689 eq 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-M     | Validity  | 3025        | HC-M11      | BHCK6416    | For BHCs only, HC-M11 must equal 1 (yes) or 0 (no).   | for BHCs only bhck6416 eq 1 or bhck6416 eq 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-M     | Validity  | 0217        | HC-M11N     | TEXT6428    | For BHCs only, HC-M11N must not equal null.   | for BHCs only text6428 ne null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-M     | Validity  | 0218        | HC-M11P     | TEXT9009    | For BHCs only, HC-M11P must not equal null.   | for BHCs only text9009 ne null  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-M     | Validity  | 0426        | HC-M11P     | TEXT9009    | For SLHCs only, HC-M11 through HC-M11P must equal null.   | for SLHCs only bhck6416 eq null and text6428 eq null and text9009 eq null               |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Validity  | 3010        | HC-M12c     | BHCK5507    | Sum of HC-M12a, HC-M12b and HC-M12c must equal HC-M12d.   | (bhck3164 + bhckb026 + bhck5507) eq bhct0426  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Validity  | 3050        | HC-M14c     | BHCK2333    | Sum of HC-M14a through HC-M14c must equal HC-M14d.  | (bhck2309 + bhck2332 + bhck2333) eq bhct3190  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Validity  | 3070        | HC-M15      | BHCKB569    | HC-M15 must equal 1 (yes) or 0 (no).  | bhckb569 eq 1 or bhckb569 eq 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-M     | Validity  | 3071        | HC-M17      | BHCKC161    | For BHCs only, HC-M17 must equal 1 (yes) or 0 (no).   | for BHCs only bhckc161 eq 1 or bhckc161 eq 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-M     | Validity  | 3072        | HC-M18      | BHCKC159    | For BHCs only, if HC-M17 is equal to 1 (yes), then HC-M18 must equal 1 (yes) or 0 (no).           | for BHCs only if bhckc161 eq 1 then bhckc159 eq 1 or bhckc159 eq 0                      |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-M     | Validity  | 3073        | HC-M18      | BHCKC159    | For BHCs only, if HC-M17 is equal to 0 (no), then HC-M18 must equal null.                         | for BHCs only if bhckc161 eq 0 then bhckc159 eq null                                    |
| FRY9C  | 20120331             | 99991231           | Added       | HC-M     | Validity  | 0427        | HC-M18      | BHCKC159    | For SLHCs only, HC-M17 and HC-M18 must equal null.  | for SLHCs only bhckc161 eq null and bhckc159 eq null                                    |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-M     | Validity  | 3074        | HC-M19a     | BHCKC700    | For BHCs only, if HC-M17 and HC-M18 are equal to 1 (yes), then HC-M19a must equal null.           | for BHCs only if (bhckc161 eq 1 and bhckc159 eq 1) then bhckc700 eq null                |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-M     | Validity  | 3076        | HC-M19a     | BHCKC700    | For BHCs only, if HC-M17 or HC-M18 is equal to 0 (no), then HC-M19a must equal 1 (yes) or 0 (no). | for BHCs only if (bhckc161 eq 0 or bhckc159 eq 0) then (bhckc700 eq 1 or bhckc700 eq 0) |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-M     | Validity  | 3077        | HC-M19b     | BHCKC701    | For BHCs only, if HC-M17 and HC-M18 are equal to 1 (yes), then HC-M19b must equal null.           | for BHCs only if (bhckc161 eq 1 and bhckc159 eq 1) then bhckc701 eq null                |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-M     | Validity  | 3078        | HC-M19b     | BHCKC701    | For BHCs only, if HC-M17 or HC-M18 is equal to 0 (no), then HC-M19b must equal 1 (yes) or 0 (no). | for BHCs only if (bhckc161 eq 0 or bhckc159 eq 0) then (bhckc701 eq 1 or bhckc701 eq 0) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Validity  | 3079        | HC-M20d     | BHCK5047    | HC-M20d must be less than or equal to the sum of HC-M20c1, HC-M20c2, and HC-M20c3.                | bhck5047 le (bhck5041 + bhck5043 + bhck5045)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3080        | HC-N1a1C    | BHCKF176    | Sum of HC-N1a1A through HC-N1a1C must be less than or equal to HC-C1a1B.                          | (bhckf172 + bhckf174 + bhckf176) le bhckf158  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3085        | HC-N1bC     | BHCK3495    | Sum of HC-N1bA through HC-N1bC must be less than or equal to HC-C1bB.                             | (bhck3493 + bhck3494 + bhck3495) le bhdm1420  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3095        | HC-N1c1C    | BHCK5400    | Sum of HC-N1c1A through HC-N1c1C must be less than or equal to HC-C1c1B.                          | (bhck5398 + bhck5399 + bhck5400) le bhdm1797  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3100        | HC-N1c2aC   | BHCKC229    | Sum of HC-N1c2aA through HC-N1c2aC must be less than or equal to HC-C1c2aB.                       | (bhckc236 + bhckc237 + bhckc229) le bhdm5367  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3105        | HC-N1c2bC   | BHCKC230    | Sum of HC-N1c2bA through HC-N1c2bC must be less than or equal to HC-C1c2bB.                       | (bhckc238 + bhckc239 + bhckc230) le bhdm5368  |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|--|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3115        | HC-N1dC     | BHCK3501    | Sum of HC-N1dA through HC-N1dC must be less than or equal to HC-C1dB.  | (bhck3499 + bhck3500 + bhck3501) le bhdm1460  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3120        | HC-N1e1C    | BHCKF182    | Sum of HC-N1e1A through HC-N1e1C must be less than or equal to HC-C1e1B.   | (bhckf178 + bhckf180 + bhckf182) le bhckf160  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3125        | HC-N1f      | BHCKB574    | Sum of HC-N1fA through HC-N1fC must be less than or equal to HC-C1A minus the sum of HC-C1a1B through HC-C1e2B.            | (bhckb572 + bhckb573 + bhckb574) le (bhck1410 - (bhckf158 + bhckf159 + bhdm1420 + bhdm1797 + bhdm5367 + bhdm5368 + bhdm1460 + bhckf160 + bhckf161))   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3135        | HC-N2bC     | BHCK5382    | Sum of HC-N2aA through HC-N2bC must be less than or equal to the sum of HC-C2aA and HC-C2bA.                               | (bhck5377 + bhck5378 + bhck5379 + bhck5380 + bhck5381 + bhck5382) le (bhck1292 + bhck1296)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3145        | HC-N3C      | BHCK1583    | Sum of HC-N3A through HC-N3C must be less than or equal to HC-C3A.   | (bhck1594 + bhck1597 + bhck1583) le bhck1590  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3155        | HC-N4C      | BHCK1608    | Sum of HC-N4A through HC-N4C must be less than or equal to the sum of HC-C4aA and HC-C4bA.                                 | (bhck1606 + bhck1607 + bhck1608) le (bhck1763 + bhck1764)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3165        | HC-N5aC     | BHCKB577    | Sum of HC-N5aA through HC-N5aC must be less than or equal to HC-C6aA.  | (bhckb575 + bhckb576 + bhckb577) le bhckb538  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0225        | HC-N5bC     | BHCKK215    | Sum of HC-N5bA through HC-N5bC must be less than or equal to HC-C6cA.  | (bhckk213 + bhckk214 + bhckk215) le bhckk137  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Validity  | 3175        | HC-N5cC     | BHCKK218    | Sum of HC-N5cA through HC-N5cC must be less than or equal to the sum of HC-C6bA and HC-C6dA.                               | (bhckk216 + bhckk217 + bhckk218) le (bhckb539 + bhckk207)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3185        | HC-N6C      | BHCK5391    | Sum of HC-N6A through HC-N6C must be less than or equal to HC-C7A.   | (bhck5389 + bhck5390 + bhck5391) le bhck2081  |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-N     | Validity  | 3195        | HC-N7C      | BHCK5461    | Sum of HC-N7A through HC-N7C must be less than or equal to the sum of HC-C9aA, HC-C9b1A and HC-C9b2A.                      | (bhck5459 + bhck5460 + bhck5461) le (bhckj454 + bhck1545 + bhckj451)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3205        | HC-N8aC     | BHCKF168    | Sum of HC-N8aA through HC-N8aC must be less than or equal to HC-C10aA.   | (bhckf166 + bhckf167 + bhckf168) le bhckf162  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3206        | HC-N8bC     | BHCKF171    | Sum of HC-N8bA through HC-N8bC must be less than or equal to HC-C10bA.   | (bhckf169 + bhckf170 + bhckf171) le bhckf163  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3215        | HC-N9C      | BHCK3507    | Sum of HC-N9A through HC-N9C must be less than or equal to the sum of HC-1a through HC-3b, HC-5, and HC-10a through HC-11. | (bhck3505 + bhck3506 + bhck3507) le (bhck0081 + bhck0395 + bhck0397 + bhck1754 + bhck1773 + bhdm987 + bhckb989 + bhck3545 + bhck3163 + bhck0426 + bhck2160)   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Validity  | 3230        | HC-N10A     | BHCK5524    | Sum of HC-N1a1A through HC-N9A must equal HC-N10A.   | (bhckf172 + bhckf173 + bhck3493 + bhck5398 + bhckc236 + bhckc238 + bhck3499 + bhckf178 + bhckf179 + bhckb572 + bhck5377 + bhck5380 + bhck1594 + bhck1606 + bhckb575 + bhckk213 + bhckk216 + bhck5389 + bhck5459 + bhckf166 + bhckf167 + bhck2505) le bhck5524 |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Validity  | 3240        | HC-N10B     | BHCK5525    | Sum of HC-N1a1B through HC-N9B must equal HC-N10B.   | (bhckf174 + bhckf175 + bhck3494 + bhck5399 + bhckc237 + bhckc239 + bhck3500 + bhckf180 + bhckf181 + bhckb573 + bhck5378 + bhck5381 + bhck1597 + bhck1607 + bhckb576 + bhckk214 + bhckk217 + bhck5390 + bhck5460 + bhckf167 + bhckf170 + bhck3506) le bhck5525 |

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| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Validity  | 3255        | HC-N10C     | BHCK5526    | Sum of HC-N1a1C through HC-N9C must equal HC-N10C.                         | (bhckf176 + bhckf177 + bhck3495 + bhck5400 + bhck229 + bhck230 + bhck3501 + bhckf182 + bhckf183 + bhckb574 + bhck5379 + bhck5382 + bhck1583 + bhck1608 + bhckb577 + bhckk215 + bhckk218 + bhck5391 + bhck5461 + bhckf168 + bhckf171 + bhck2507) le bhck5526 |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Validity  | 3270        | HC-N11A     | BHCKK036    | HC-N11A must be less than or equal to the sum of HC-N1a1A through HC-N8bA. | bhckk036 le (bhckf172 + bhckf173 + bhck3493 + bhck5398 + bhckc236 + bhckc238 + bhck3499 + bhckf178 + bhckf179 + bhckb572 + bhck5377 + bhck5380 + bhck1594 + bhck1606 + bhckb575 + bhckk213 + bhckk216 + bhck5389 + bhck5459 + bhckf166 + bhckf169)          |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Validity  | 3280        | HC-N11B     | BHCKK037    | HC-N11B must be less than or equal to the sum of HC-N1a1B through HC-N8bB. | bhckk037 le (bhckf174 + bhckf175 + bhck3494 + bhck5399 + bhckc237 + bhckc239 + bhck3500 + bhckf180 + bhckf181 + bhckb573 + bhck5378 + bhck5381 + bhck1597 + bhck1607 + bhckb576 + bhckk214 + bhckk217 + bhck5390 + bhck5460 + bhckf167 + bhckf170)          |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Validity  | 3290        | HC-N11C     | BHCKK038    | HC-N11C must be less than or equal to the sum of HC-N1a1C through HC-N8bC. | bhckk038 le (bhckf176 + bhckf177 + bhck3495 + bhck5400 + bhckc229 + bhckc230 + bhck3501 + bhckf182 + bhckf183 + bhckb574 + bhck5379 + bhck5382 + bhck1583 + bhck1608 + bhckb577 + bhckk215 + bhckk218 + bhck5391 + bhck5461 + bhckf168 + bhckf171)          |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Validity  | 3310        | HC-N11aA    | BHCKK039    | Sum of HC-N11aA and HC-N11bA must be less than or equal to HC-N11A.        | (bhckk039 + bhckk042) le bhckk036   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Validity  | 3320        | HC-N11aB    | BHCKK040    | Sum of HC-N11aB and HC-N11bB must be less than or equal to HC-N11B.        | (bhckk040 + bhckk043) le bhckk037   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Validity  | 3330        | HC-N11aC    | BHCKK041    | Sum of HC-N11aC and HC-N11bC must be less than or equal to HC-N11C.        | (bhckk041 + bhckk044) le bhckk038   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0231        | HC-N12a1aA  | BHDMK045    | HC-N12a1aA must be less than or equal to HC-N1a1A.                         | bhdmk045 le bhckf172  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0232        | HC-N12a1aB  | BHDMK046    | HC-N12a1aB must be less than or equal to HC-N1a1B.                         | bhdmk046 le bhckf174  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0233        | HC-N12a1aC  | BHDMK047    | HC-N12a1aC must be less than or equal to HC-N1a1C.                         | bhdmk047 le bhckf176  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0234        | HC-N12a1bA  | BHDMK048    | HC-N12a1bA must be less than or equal to HC-N1a2A.                         | bhdmk048 le bhckf173  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0235        | HC-N12a1bB  | BHDMK049    | HC-N12a1bB must be less than or equal to HC-N1a2B.                         | bhdmk049 le bhckf175  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0236        | HC-N12a1bC  | BHDMK050    | HC-N12a1bC must be less than or equal to HC-N1a2C.                         | bhdmk050 le bhckf177  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0237        | HC-N12a2A   | BHDMK051    | HC-N12a2A must be less than or equal to HC-N1bA.                           | bhdmk051 le bhck3493  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0238        | HC-N12a2B   | BHDMK052    | HC-N12a2B must be less than or equal to HC-N1bB.                           | bhdmk052 le bhck3494  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0239        | HC-N12a2C   | BHDMK053    | HC-N12a2C must be less than or equal to HC-N1bC.                           | bhdmk053 le bhck3495  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0240        | HC-N12a3aA  | BHDMK054    | HC-N12a3aA must be less than or equal to HC-N1c1A.                         | bhdmk054 le bhck5398  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0241        | HC-N12a3aB  | BHDMK055    | HC-N12a3aB must be less than or equal to HC-N1c1B.                         | bhdmk055 le bhck5399  |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|--|----------------------|
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0242        | HC-N12a3aC  | BHDMK056    | HC-N12a3aC must be less than or equal to HC-N1c1C.   | bhdmk056 le bhck5400 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0243        | HC-N12a3b1A | BHDMK057    | HC-N12a3b1A must be less than or equal to HC-N1c2aA. | bhdmk057 le bhckc236 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0244        | HC-N12a3b1B | BHDMK058    | HC-N12a3b1B must be less than or equal to HC-N1c2aB. | bhdmk058 le bhckc237 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0245        | HC-N12a3b1C | BHDMK059    | HC-N12a3b1C must be less than or equal to HC-N1c2aC. | bhdmk059 le bhckc229 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0246        | HC-N12a3b2A | BHDMK060    | HC-N12a3b2A must be less than or equal to HC-N1c2bA. | bhdmk060 le bhckc238 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0247        | HC-N12a3b2B | BHDMK061    | HC-N12a3b2B must be less than or equal to HC-N1c2bB. | bhdmk061 le bhckc239 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0248        | HC-N12a3b2C | BHDMK062    | HC-N12a3b2C must be less than or equal to HC-N1c2bC. | bhdmk062 le bhckc230 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0249        | HC-N12a4A   | BHDMK063    | HC-N12a4A must be less than or equal to HC-N1dA.     | bhdmk063 le bhck3499 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0250        | HC-N12a4B   | BHDMK064    | HC-N12a4B must be less than or equal to HC-N1dB.     | bhdmk064 le bhck3500 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0251        | HC-N12a4C   | BHDMK065    | HC-N12a4C must be less than or equal to HC-N1dC.     | bhdmk065 le bhck3501 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0252        | HC-N12a5aA  | BHDMK066    | HC-N12a5aA must be less than or equal to HC-N1e1A.   | bhdmk066 le bhckf178 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0253        | HC-N12a5aB  | BHDMK067    | HC-N12a5aB must be less than or equal to HC-N1e1B.   | bhdmk067 le bhckf180 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0254        | HC-N12a5aC  | BHDMK068    | HC-N12a5aC must be less than or equal to HC-N1e1C.   | bhdmk068 le bhckf182 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0255        | HC-N12a5bA  | BHDMK069    | HC-N12a5bA must be less than or equal to HC-N1e2A.   | bhdmk069 le bhckf179 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0256        | HC-N12a5bB  | BHDMK070    | HC-N12a5bB must be less than or equal to HC-N1e2B.   | bhdmk070 le bhckf181 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0257        | HC-N12a5bC  | BHDMK071    | HC-N12a5bC must be less than or equal to HC-N1e2C.   | bhdmk071 le bhckf183 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0258        | HC-N12bA    | BHCKK072    | HC-N12bA must be less than or equal to HC-N3A.       | bhckk072 le bhck1594 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0259        | HC-N12bB    | BHCKK073    | HC-N12bB must be less than or equal to HC-N3B.       | bhckk073 le bhck1597 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0260        | HC-N12bC    | BHCKK074    | HC-N12bC must be less than or equal to HC-N3C.       | bhckk074 le bhck1583 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0261        | HC-N12cA    | BHCKK075    | HC-N12cA must be less than or equal to HC-N4A.       | bhckk075 le bhck1606 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0262        | HC-N12cB    | BHCKK076    | HC-N12cB must be less than or equal to HC-N4B.       | bhckk076 le bhck1607 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0263        | HC-N12cC    | BHCKK077    | HC-N12cC must be less than or equal to HC-N4C.       | bhckk077 le bhck1608 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0264        | HC-N12d1A   | BHCKK078    | HC-N12d1A must be less than or equal to HC-N5aA.     | bhckk078 le bhckb575 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0265        | HC-N12d1B   | BHCKK079    | HC-N12d1B must be less than or equal to HC-N5aB.     | bhckk079 le bhckb576 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0266        | HC-N12d1C   | BHCKK080    | HC-N12d1C must be less than or equal to HC-N5aC.     | bhckk080 le bhckb577 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0267        | HC-N12d2A   | BHCKK081    | HC-N12d2A must be less than or equal to HC-N5bA.     | bhckk081 le bhck213  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0268        | HC-N12d2B   | BHCKK082    | HC-N12d2B must be less than or equal to HC-N5bB.     | bhckk082 le bhck214  |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|--|--|
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0269        | HC-N12d2C   | BHCKK083    | HC-N12d2C must be less than or equal to HC-N5bC.   | bhckk083 le bhckk215   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0270        | HC-N12d3A   | BHCKK084    | HC-N12d3A must be less than or equal to HC-N5cA.   | bhckk084 le bhckk216   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0271        | HC-N12d3B   | BHCKK085    | HC-N12d3B must be less than or equal to HC-N5cB.   | bhckk085 le bhckk217   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0272        | HC-N12d3C   | BHCKK086    | HC-N12d3C must be less than or equal to HC-N5cC.   | bhckk086 le bhckk218   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0373        | HC-N12e1A   | BHCKK091    | HC-N12e1A must be less than or equal to the sum of HC-N2aA and HC-N2bA.  | bhckk091 le (bhck5377 + bhck5380)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0374        | HC-N12e1B   | BHCKK092    | HC-N12e1B must be less than or equal to the sum of HC-N2aB and HC-N2bB.  | bhckk092 le (bhck5378 + bhck5381)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0375        | HC-N12e1C   | BHCKK093    | HC-N12e1C must be less than or equal to the sum of HC-N2aC and HC-N2bC.  | bhckk093 le (bhck5379 + bhck5382)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0376        | HC-N12e2A   | BHCKK095    | HC-N12e2A must be less than or equal to HC-N6A.  | bhckk095 le bhck5389   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0377        | HC-N12e2B   | BHCKK096    | HC-N12e2B must be less than or equal to HC-N6B.  | bhckk096 le bhck5390   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0378        | HC-N12e2C   | BHCKK097    | HC-N12e2C must be less than or equal to HC-N6C.  | bhckk097 le bhck5391   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0379        | HC-N12e3A   | BHCKK099    | HC-N12e3A must be less than or equal to the sum of HC-N1fA and HC-N7A.   | bhckk099 le (bhckb572 + bhck5459)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0380        | HC-N12e3B   | BHCKK100    | HC-N12e3B must be less than or equal to the sum of HC-N1fB and HC-N7B.   | bhckk100 le (bhckb573 + bhck5460)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0381        | HC-N12e3C   | BHCKK101    | HC-N12e3C must be less than or equal to the sum of HC-N1fC and HC-N7C.   | bhckk101 le (bhckb574 + bhck5461)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0370        | HC-N12e4A   | BHCKK269    | Sum of HC-N12e1A through HC-N12e4A must be less than or equal to HC-N12eA.   | (bhckk091 + bhckk095 + bhckk099 + bhckk269) le bhckk087  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0382        | HC-N12e4A   | BHCKK269    | HC-N12e4A must be less than or equal to the sum of HC-N8aA and HC-N8bA.  | bhckk269 le (bhckf166 + bhckf169)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0371        | HC-N12e4B   | BHCKK271    | Sum of HC-N12e1B through HC-N12e4B must be less than or equal to HC-N12eB.   | (bhckk092 + bhckk096 + bhckk100 + bhckk271) le bhckk088  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0383        | HC-N12e4B   | BHCKK271    | HC-N12e4B must be less than or equal to the sum of HC-N8aB and HC-N8bB.  | bhckk271 le (bhckf167 + bhckf170)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0372        | HC-N12e4C   | BHCKK272    | Sum of HC-N12e1C through HC-N12e4C must be less than or equal to HC-N12eC.   | (bhckk093 + bhckk097 + bhckk101 + bhckk272) le bhckk089  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0384        | HC-N12e4C   | BHCKK272    | HC-N12e4C must be less than or equal to the sum of HC-N8aC and HC-N8bC.  | bhckk272 le (bhckf168 + bhckf171)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0273        | HC-N12eA    | BHCKK087    | HC-N12eA must be less than or equal to the sum of HC-N1fA, HC-N2aA, HC-N2bA, HC-N6A, HC-N7A, HC-N8aA, and HC-N8bA. | bhckk087 le (bhckb572 + bhck5377 + bhck5380 + bhck5389 + bhck5459 + bhckf166 + bhckf169)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0274        | HC-N12eB    | BHCKK088    | HC-N12eB must be less than or equal to the sum of HC-N1fB, HC-N2aB, HC-N2bB, HC-N6B, HC-N7B, HC-N8aB, and HC-N8bB. | bhckk088 le (bhckb573 + bhck5378 + bhck5381 + bhck5390 + bhck5460 + bhckf167 + bhckf170)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0275        | HC-N12eC    | BHCKK089    | HC-N12eC must be less than or equal to the sum of HC-N1fC, HC-N2aC, HC-N2bC, HC-N6C, HC-N7C, HC-N8aC, and HC-N8bC. | bhckk089 le (bhckb574 + bhck5379 + bhck5382 + bhck5391 + bhck5461 + bhckf168 + bhckf171)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0276        | HC-N12fA    | BHCKK102    | HC-N12fA must be less than or equal to the sum of HC-N12a1aA through HC-N12eA.                                     | bhckk102 le (bhdmk045 + bhdmk048 + bhdmk051 + bhdmk054 + bhdmk057 + bhdmk060 + bhdmk063 + bhdmk066 + bhdmk069 + bhckk072 + bhckk075 + bhckk078 + bhckk081 + bhckk084 + bhckk087) |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|--|
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0277        | HC-N12fB    | BHCKK103    | HC-N12fB must be less than or equal to the sum of HC-N12a1aB through HC-N12eB.        | bhckk103 le (bhdmk046 + bhdmk049 + bhdmk052 + bhdmk055 + bhdmk058 + bhdmk061 + bhdmk064 + bhdmk067 + bhdmk070 + bhckk073 + bhckk076 + bhckk079 + bhckk082 + bhckk085 + bhckk088) |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0278        | HC-N12fC    | BHCKK104    | HC-N12fC must be less than or equal to the sum of HC-N12a1aC through HC-N12eC.        | bhckk104 le (bhdmk047 + bhdmk050 + bhdmk053 + bhdmk056 + bhdmk059 + bhdmk062 + bhdmk065 + bhdmk068 + bhdmk071 + bhckk074 + bhckk077 + bhckk080 + bhckk083 + bhckk086 + bhckk089) |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0279        | HC-NM1a1A   | BHDMK105    | HC-NM1a1A must be less than or equal to HC-N1a1A.                                     | bhdmk105 le bhckf172   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0280        | HC-NM1a1B   | BHDMK106    | HC-NM1a1B must be less than or equal to HC-N1a1B.                                     | bhdmk106 le bhckf174   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0281        | HC-NM1a1C   | BHDMK107    | HC-NM1a1C must be less than or equal to HC-N1a1C.                                     | bhdmk107 le bhckf176   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0282        | HC-NM1a2A   | BHDMK108    | HC-NM1a2A must be less than or equal to HC-N1a2A.                                     | bhdmk108 le bhckf173   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0283        | HC-NM1a2B   | BHDMK109    | HC-NM1a2B must be less than or equal to HC-N1a2B.                                     | bhdmk109 le bhckf175   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0284        | HC-NM1a2C   | BHDMK110    | HC-NM1a2C must be less than or equal to HC-N1a2C.                                     | bhdmk110 le bhckf177   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0285        | HC-NM1bA    | BHCKF661    | HC-NM1bA must be less than or equal to the sum of HC-N1c1A, HC-N1c2aA, and HC-N1c2bA. | bhckf661 le (bhck5398 + bhckc236 + bhckc238)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0286        | HC-NM1bB    | BHCKF662    | HC-NM1bB must be less than or equal to the sum of HC-N1c1B, HC-N1c2aB, and HC-N1c2bB. | bhckf662 le (bhck5399 + bhckc237 + bhckc239)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0287        | HC-NM1bC    | BHCKF663    | HC-NM1bC must be less than or equal to the sum of HC-N1c1C, HC-N1c2aC, and HC-N1c2bC. | bhckf663 le (bhck5400 + bhckc229 + bhckc230)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0288        | HC-NM1cA    | BHDMK111    | HC-NM1cA must be less than or equal to HC-N1dA.                                       | bhdmk111 le bhck3499   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0289        | HC-NM1cB    | BHDMK112    | HC-NM1cB must be less than or equal to HC-N1dB.                                       | bhdmk112 le bhck3500   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0290        | HC-NM1cC    | BHDMK113    | HC-NM1cC must be less than or equal to HC-N1dC.                                       | bhdmk113 le bhck3501   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0291        | HC-NM1d1A   | BHDMK114    | HC-NM1d1A must be less than or equal to HC-N1e1A.                                     | bhdmk114 le bhckf178   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0292        | HC-NM1d1B   | BHDMK115    | HC-NM1d1B must be less than or equal to HC-N1e1B.                                     | bhdmk115 le bhckf180   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0293        | HC-NM1d1C   | BHDMK116    | HC-NM1d1C must be less than or equal to HC-N1e1C.                                     | bhdmk116 le bhckf182   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0294        | HC-NM1d2A   | BHDMK117    | HC-NM1d2A must be less than or equal to HC-N1e2A.                                     | bhdmk117 le bhckf179   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0295        | HC-NM1d2B   | BHDMK118    | HC-NM1d2B must be less than or equal to HC-N1e2B.                                     | bhdmk118 le bhckf181   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0296        | HC-NM1d2C   | BHDMK119    | HC-NM1d2C must be less than or equal to HC-N1e2C.                                     | bhdmk119 le bhckf183   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0297        | HC-NM1e2A   | BHCKK123    | Sum of HC-NM1e1A and HC-NM1e2A must be less than or equal to HC-N4A.                  | (bhckk120 + bhckk123) le bhck1606  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0298        | HC-NM1e2B   | BHCKK124    | Sum of HC-NM1e1B and HC-NM1e2B must be less than or equal to HC-N4B.                  | (bhckk121 + bhckk124) le bhck1607  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0299        | HC-NM1e2C   | BHCKK125    | Sum of HC-NM1e1C and HC-NM1e2C must be less than or equal to HC-N4C.                  | (bhckk122 + bhckk125) le bhck1608  |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|--|---|
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0300        | HC-NM1fA    | BHCKK126    | HC-NM1fA must be less than or equal to the sum of HC-N1bA, HC-N1fA, HC-N2aA, HC-N2bA, HC-N3A, HC-N5aA, HC-N5bA, HC-N5cA, HC-N6A, and HC-N7A. | bhckk126 le (bhck3493 + bhckb572 + bhck5377 + bhck5380 + bhck1594 + bhckb575 + bhckk213 + bhckk216 + bhck5389 + bhck5459) |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0301        | HC-NM1fB    | BHCKK127    | HC-NM1fB must be less than or equal to the sum of HC-N1bB, HC-N1fB, HC-N2aB, HC-N2bB, HC-N3B, HC-N5aB, HC-N5bB, HC-N5cB, HC-N6B, HC-N7B.     | bhckk127 le (bhck3494 + bhckb573 + bhck5378 + bhck5381 + bhck1597 + bhckb576 + bhckk214 + bhckk217 + bhck5390 + bhck5460) |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0302        | HC-NM1fC    | BHCKK128    | HC-NM1fC must be less than or equal to the sum of HC-N1bC, HC-N1fC, HC-N2aC, HC-N2bC, HC-N3C, HC-N5aC, HC-N5bC, HC-N5cC, HC-N6C, HC-N7C.     | bhckk128 le (bhck3495 + bhckb574 + bhck5379 + bhck5382 + bhck1583 + bhckb577 + bhckk215 + bhckk218 + bhck5391 + bhck5461) |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0388        | HC-NM1f1A   | BHDMK130    | HC-NM1f1A must be less than or equal to HC-N1bA.   | bhdmk130 le bhck3493  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0389        | HC-NM1f1B   | BHDMK131    | HC-NM1f1B must be less than or equal to HC-N1bB.   | bhdmk131 le bhck3494  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0390        | HC-NM1f1C   | BHDMK132    | HC-NM1f1C must be less than or equal to HC-N1bC.   | bhdmk132 le bhck3495  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0391        | HC-NM1f2A   | BHCKK134    | HC-NM1f2A must be less than or equal to the sum of HC-N2aA and HC-N2bA.  | bhckk134 le (bhck5377 + bhck5380)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0392        | HC-NM1f2B   | BHCKK135    | HC-NM1f2B must be less than or equal to the sum of HC-N2aB and HC-N2bB.  | bhckk135 le (bhck5378 + bhck5381)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0393        | HC-NM1f2C   | BHCKK136    | HC-NM1f2C must be less than or equal to the sum of HC-N2aC and HC-N2bC.  | bhckk136 le (bhck5379 + bhck5382)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0394        | HC-NM1f3A   | BHCKK138    | HC-NM1f3A must be less than or equal to HC-N3A.  | bhckk138 le bhck1594  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0395        | HC-NM1f3B   | BHCKK139    | HC-NM1f3B must be less than or equal to HC-N3B.  | bhckk139 le bhck1597  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0396        | HC-NM1f3C   | BHCKK140    | HC-NM1f3C must be less than or equal to HC-N3C.  | bhckk140 le bhck1583  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0397        | HC-NM1f4aA  | BHCKK274    | HC-NM1f4aA must be less than or equal to HC-N5aA.  | bhckk274 le bhckb575  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0398        | HC-NM1f4aB  | BHCKK275    | HC-NM1f4aB must be less than or equal to HC-N5aB.  | bhckk275 le bhckb576  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0399        | HC-NM1f4aC  | BHCKK276    | HC-NM1f4aC must be less than or equal to HC-N5aC.  | bhckk276 le bhckb577  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0400        | HC-NM1f4bA  | BHCKK277    | HC-NM1f4bA must be less than or equal to HC-N5bA.  | bhckk277 le bhckk213  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0401        | HC-NM1f4bB  | BHCKK278    | HC-NM1f4bB must be less than or equal to HC-N5bB.  | bhckk278 le bhckk214  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0402        | HC-NM1f4bC  | BHCKK279    | HC-NM1f4bC must be less than or equal to HC-N5bC.  | bhckk279 le bhckk215  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0403        | HC-NM1f4cA  | BHCKK280    | HC-NM1f4cA must be less than or equal to HC-N5cA.  | bhckk280 le bhckk216  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0404        | HC-NM1f4cB  | BHCKK281    | HC-NM1f4cB must be less than or equal to HC-N5cB.  | bhckk281 le bhckk217  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0405        | HC-NM1f4cC  | BHCKK282    | HC-NM1f4cC must be less than or equal to HC-N5cC.  | bhckk282 le bhckk218  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0406        | HC-NM1f5A   | BHCKK283    | HC-NM1f5A must be less than or equal to HC-N6A.  | bhckk283 le bhck5389  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0407        | HC-NM1f5B   | BHCKK284    | HC-NM1f5B must be less than or equal to HC-N6B.  | bhckk284 le bhck5390  |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|--|
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0408        | HC-NM1f5C   | BHCKK285    | HC-NM1f5C must be less than or equal to HC-N6C.   | bhckk285 le bhck5391   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0385        | HC-NM1f6A   | BHCKK286    | Sum of HC-NM1f1A through HC-NM1f6A must be less than or equal to HC-NM1fA.                                      | (bhdmk130 + bhckk134 + bhckk138 + bhckk274 + bhckk277 + bhckk280 + bhckk283 + bhckk286) le bhckk126  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0409        | HC-NM1f6A   | BHCKK286    | HC-NM1f6A must be less than or equal to the sum of HC-N1fA and HC-N7A.  | bhckk286 le (bhckb572 + bhck5459)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0386        | HC-NM1f6B   | BHCKK287    | Sum of HC-NM1f1B through HC-NM1f6B must be less than or equal to HC-NM1fB.                                      | (bhdmk131 + bhckk135 + bhckk139 + bhckk275 + bhckk278 + bhckk281 + bhckk284 + bhckk287) le bhckk127  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0410        | HC-NM1f6B   | BHCKK287    | HC-NM1f6B must be less than or equal to the sum of HC-N1fB and HC-N7B.  | bhckk287 le (bhckb573 + bhck5460)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0387        | HC-NM1f6C   | BHCKK288    | Sum of HC-NM1f1C through HC-NM1f6C must be less than or equal to HC-NM1fC.                                      | (bhdmk132 + bhckk136 + bhckk140 + bhckk276 + bhckk279 + bhckk282 + bhckk285 + bhckk288) le bhckk128  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Validity  | 0411        | HC-NM1f6C   | BHCKK288    | HC-NM1f6C must be less than or equal to the sum of HC-N1fC and HC-N7C.  | bhckk288 le (bhckb574 + bhck5461)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3400        | HC-NM2A     | BHCK6558    | HC-NM2A must be less than or equal to the sum of HC-N4A and HC-N7A.   | bhck6558 le (bhck1606 + bhck5459)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3410        | HC-NM2B     | BHCK6559    | HC-NM2B must be less than or equal to the sum of HC-N4B and HC-N7B.   | bhck6559 le (bhck1607 + bhck5460)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3420        | HC-NM2C     | BHCK6560    | HC-NM2C must be less than or equal to the sum of HC-N4C and HC-N7C.   | bhck6560 le (bhck1608 + bhck5461)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Validity  | 3430        | HC-NM2C     | BHCK6560    | Sum of HC-NM2A through HC-NM2C must be less than or equal to HC-CM2.  | (bhck6558 + bhck6559 + bhck6560) le bhck2746   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Validity  | 3445        | HC-NM3A     | BHCK3508    | HC-NM3A must be less than or equal to the sum of HC-N1a1A through HC-N1fA, HC-N2bA, and HC-N4A through HC-N8bA. | bhck3508 le (bhckf172 + bhckf173 + bhck3493 + bhck5398 + bhckc236 + bhckc238 + bhck3499 + bhckf178 + bhckf179 + bhckb572 + bhck5380 + bhck1606 + bhckb575 + bhckk213 + bhckk216 + bhck5389 + bhck5459 + bhckf166 + bhckf169)                       |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Validity  | 3455        | HC-NM3B     | BHCK1912    | HC-NM3B must be less than or equal to the sum of HC-N1a1B through HC-N1fB, HC-N2bB, and HC-N4B through HC-N8bB. | bhck1912 le (bhckf174 + bhckf175 + bhck3494 + bhck5399 + bhckc237 + bhckc239 + bhck3500 + bhckf180 + bhckf181 + bhckb573 + bhck5381 + bhck1607 + bhckb576 + bhckk214 + bhckk217 + bhck5390 + bhck5460 + bhckf167 + bhckf170)                       |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Validity  | 3460        | HC-NM3C     | BHCK1913    | HC-NM3C must be less than or equal to the sum of HC-N1a1C through HC-N1fC, HC-N2bC, and HC-N4C through HC-N8bC. | bhck1913 le (bhckf176 + bhckf177 + bhck3495 + bhck5400 + bhckc229 + bhckc230 + bhck3501 + bhckf182 + bhckf183 + bhckb574 + bhck5382 + bhck1608 + bhckb577 + bhckk215 + bhckk218 + bhck5391 + bhck5461 + bhckf168 + bhckf171)                       |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Validity  | 3465        | HC-NM5aA    | BHCKC240    | HC-NM5aA must be less than or equal to the sum of HC-N1a1A through HC-N8bA.                                     | bhckc240 le (bhckf172 + bhckf173 + bhck3493 + bhck5398 + bhckc236 + bhckc238 + bhck3499 + bhckf178 + bhckf179 + bhckb572 + bhck5377 + bhck5380 + bhck1594 + bhck1606 + bhckb575 + bhckk213 + bhckk216 + bhck5389 + bhck5459 + bhckf166 + bhckf169) |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Validity  | 3470        | HC-NM5aB    | BHCKC241    | HC-NM5aB must be less than or equal to the sum of HC-N1a1B through HC-N8bB.                                     | bhckc241 le (bhckf174 + bhckf175 + bhck3494 + bhck5399 + bhckc237 + bhckc239 + bhck3500 + bhckf180 + bhckf181 + bhckb573 + bhck5378 + bhck5381 + bhck1597 + bhck1607 + bhckb576 + bhckk214 + bhckk217 + bhck5390 + bhck5460 + bhckf167 + bhckf170) |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|--|
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Validity  | 3475        | HC-NM5aC    | BHCKC226    | HC-NM5aC must be less than or equal to the sum of HC-N1a1C through HC-N8bC.           | bhckc226 le (bhckf176 + bhckf177 + bhck3495 + bhck5400 + bhckc229 + bhckc230 + bhck3501 + bhckf182 + bhckf183 + bhckb574 + bhck5379 + bhck5382 + bhck1583 + bhck1608 + bhckb577 + bhckk215 + bhckk218 + bhck5391 + bhck5461 + bhckf168 + bhckf171) |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Validity  | 0142        | HC-Q1A      | BHCY1773    | Sum of HC-Q1C, HC-Q1D, and HC-Q1E less HC-Q1B must be equal to HC-Q1A.                | ((bhckg475 + bhckg476 + bhckg477) - bhckg474) eq bhcy1773  |
| FRY9C  | 20090930             | 99991231           | Added       | HC-Q     | Validity  | 0219        | HC-Q1A      | BHCY1773    | HC-Q1A must equal HC-2b.  | bhcy1773 eq bhck1773   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Validity  | 0143        | HC-Q2A      | BHCKG478    | Sum of HC-Q2C, HC-Q2D, and HC-Q2E less HC-Q2B must be equal to HC-Q2A.                | ((bhckg480 + bhckg481 + bhckg482) - bhckg479) eq bhckg478  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0182        | HC-Q3A      | BHCKG483    | Sum of HC-Q3C, HC-Q3D, and HC-Q3E less HC-Q3B must be equal to HC-Q3A.                | ((bhckg485 + bhckg486 + bhckg487) - bhckg484) eq bhckg483  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0183        | HC-Q4A      | BHCKG488    | Sum of HC-Q4C, HC-Q4D, and HC-Q4E less HC-Q4B must be equal to HC-Q4A.                | ((bhckg490 + bhckg491 + bhckg492) - bhckg489) eq bhckg488  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Validity  | 0147        | HC-Q5aA     | BHCT3543    | Sum of HC-Q5aC, HC-Q5aD, and HC-Q5aE less HC-Q5aB must be equal to HC-Q5aA.           | ((bhckg494 + bhckg495 + bhckg496) - bhckg493) eq bhct3543  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0215        | HC-Q5aA     | BHCT3543    | If HC-D12A is not null, then HC-Q5aA must equal HC-D11A.                              | if bhct3545 ne null then bhct3543 eq bhcm3543  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0184        | HC-Q5bA     | BHCKG497    | Sum of HC-Q5bC, HC-Q5bD, and HC-Q5bE less HC-Q5bB must be equal to HC-Q5bA.           | ((bhckg499 + bhckg500 + bhckg501) - bhckg498) eq bhckg497  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Validity  | 0144        | HC-Q5b1A    | BHCKF240    | Sum of HC-Q5b1C, HC-Q5b1D, and HC-Q5b1E less HC-Q5b1B must be equal to HC-Q5b1A.      | ((bhckf692 + bhckf241 + bhckf242) - bhckf684) eq bhckf240  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Validity  | 0145        | HC-Q6A      | BHCKG391    | Sum of HC-Q6C, HC-Q6D, and HC-Q6E less HC-Q6B must be equal to HC-Q6A.                | ((bhckg395 + bhckg396 + bhckg804) - bhckg392) eq bhckg391  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0185        | HC-Q7A      | BHCKG502    | Sum of HC-Q7C, HC-Q7D, and HC-Q7E less HC-Q7B must be equal to HC-Q7A.                | ((bhckg504 + bhckg505 + bhckg506) - bhckg503) eq bhckg502  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0203        | HC-Q7A      | BHCKG502    | Sum of HC-Q1A, HC-Q2A, HC-Q3A, HC-Q4A, HC-Q5aA, HC-Q5bA and HC-Q6A must equal HC-Q7A. | (bhcy1773 + bhckg478 + bhckg483 + bhckg488 + bhct3543 + bhckg497 + bhckg391) eq bhckg502   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0204        | HC-Q7B      | BHCKG503    | Sum of HC-Q1B, HC-Q2B, HC-Q3B, HC-Q4B, HC-Q5aB, HC-Q5bB and HC-Q6B must equal HC-Q7B. | (bhckg474 + bhckg479 + bhckg484 + bhckg489 + bhcg493 + bhckg498 + bhckg392) eq bhckg503  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0205        | HC-Q7C      | BHCKG504    | Sum of HC-Q1C, HC-Q2C, HC-Q3C, HC-Q4C, HC-Q5aC, HC-Q5bC and HC-Q6C must equal HC-Q7C. | (bhckg475 + bhckg480 + bhckg485 + bhckg490 + bhckg494 + bhckg499 + bhckg395) eq bhckg504   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0206        | HC-Q7D      | BHCKG505    | Sum of HC-Q1D, HC-Q2D, HC-Q3D, HC-Q4D, HC-Q5aD, HC-Q5bD and HC-Q6D must equal HC-Q7D. | (bhckg476 + bhckg481 + bhckg486 + bhckg491 + bhckg495 + bhckg500 + bhckg396) eq bhckg505   |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-Q     | Validity  | 0207        | HC-Q7E      | BHCKG506    | Sum of HC-Q1E, HC-Q2E, HC-Q3E, HC-Q4E, HC-Q5aE, HC-Q5bE and HC-Q6E must equal HC-Q7E. | (bhckg477 + bhckg482 + bhckg487 + bhckg492 + bhckg496 + bhckg501 + bhckg804) eq bhckg506   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Validity  | 0146        | HC-Q8A      | BHCKF252    | Sum of HC-Q8C, HC-Q8D, and HC-Q8E less HC-Q8B must be equal to HC-Q8A.                | ((bhckf694 + bhckf253 + bhckf254) - bhckf686) eq bhckf252  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0186        | HC-Q9A      | BHCKG507    | Sum of HC-Q9C, HC-Q9D, and HC-Q9E less HC-Q9B must be equal to HC-Q9A.                | ((bhckg509 + bhckg510 + bhckg511) - bhckg508) eq bhckg507  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0187        | HC-Q10aA    | BHCT3547    | Sum of HC-Q10aC, HC-Q10aD, and HC-Q10aE less HC-Q10aB must be equal to HC-Q10aA.      | ((bhckg513 + bhckg514 + bhckg515) - bhckg512) eq bhct3547  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0216        | HC-Q10aA    | BHCT3547    | If HC-D15A is not null, then HC-Q10aA must equal HC-D14A.                             | if bhct3548 ne null then bhct3547 eq bhck3547  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0188        | HC-Q10bA    | BHCKG516    | Sum of HC-Q10bC, HC-Q10bD, and HC-Q10bE less HC-Q10bB must be equal to HC-Q10bA.      | ((bhckg518 + bhckg519 + bhckg520) - bhckg517) eq bhckg516  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0189        | HC-Q11A     | BHCKG521    | Sum of HC-Q11C, HC-Q11D, and HC-Q11E less HC-Q11B must be equal to HC-Q11A.           | ((bhckg523 + bhckg524 + bhckg525) - bhckg522) eq bhckg521  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0190        | HC-Q12A     | BHCKG526    | Sum of HC-Q12C, HC-Q12D, and HC-Q12E less HC-Q12B must be equal to HC-Q12A.           | ((bhckg528 + bhckg529 + bhckg530) - bhckg527) eq bhckg526  |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Validity  | 0148        | HC-Q13A     | BHCKG805    | Sum of HC-Q13C, HC-Q13D, and HC-Q13E less HC-Q13B must be equal to HC-Q13A.   | ((bhckg807 + bhckg808 + bhckg809) - bhckg806) eq bhckg805   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0191        | HC-Q14A     | BHCKG531    | Sum of HC-Q14C, HC-Q14D, and HC-Q14E less HC-Q14B must be equal to HC-Q14A.   | ((bhckg533 + bhckg534 + bhckg535) - bhckg532) eq bhckg531   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0208        | HC-Q14A     | BHCKG531    | Sum of HC-Q8A, HC-Q9A, HC-Q10aA, HC-Q10bA, HC-Q11A, HC-Q12A and HC-Q13A must equal HC-Q14A.   | (bhckf252 + bhckg507 + bhct3547 + bhckg516 + bhckg521 + bhckg526 + bhckg805) eq bhckg531  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0209        | HC-Q14B     | BHCKG532    | Sum of HC-Q8B, HC-Q9B, HC-Q10aB, HC-Q10bB, HC-Q11B, HC-Q12B and HC-Q13B must equal HC-Q14B.   | (bhckf686 + bhckg508 + bhckg512 + bhckg517 + bhckg522 + bhckg527 + bhckg806) eq bhckg532  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0210        | HC-Q14C     | BHCKG533    | Sum of HC-Q8C, HC-Q9C, HC-Q10aC, HC-Q10bC, HC-Q11C, HC-Q12C and HC-Q13C must equal HC-Q14C.   | (bhckf694 + bhckg509 + bhckg513 + bhckg518 + bhckg523 + bhckg528 + bhckg807) eq bhckg533  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0211        | HC-Q14D     | BHCKG534    | Sum of HC-Q8D, HC-Q9D, HC-Q10aD, HC-Q10bD, HC-Q11D, HC-Q12D and HC-Q13D must equal HC-Q14D.   | (bhckf253 + bhckg510 + bhckg514 + bhckg519 + bhckg524 + bhckg529 + bhckg808) eq bhckg534  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0212        | HC-Q14E     | BHCKG535    | Sum of HC-Q8E, HC-Q9E, HC-Q10aE, HC-Q10bE, HC-Q11E, HC-Q12E and HC-Q13E must equal HC-Q14E.   | (bhckf254 + bhckg511 + bhckg515 + bhckg520 + bhckg525 + bhckg530 + bhckg809) eq bhckg535  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0192        | HC-QM1aA    | BHCKG536    | Sum of HC-QM1aC, HC-QM1aD, and HC-QM1aE less HC-QM1aB must be equal to HC-QM1aA.  | ((bhckg538 + bhckg539 + bhckg540) - bhckg537) eq bhckg536   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0193        | HC-QM1bA    | BHCKG541    | Sum of HC-QM1bC, HC-QM1bD, and HC-QM1bE less HC-QM1bB must be equal to HC-QM1bA.  | ((bhckg543 + bhckg544 + bhckg545) - bhckg542) eq bhckg541   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0194        | HC-QM1cA    | BHCKG546    | Sum of HC-QM1cC, HC-QM1cD, and HC-QM1cE less HC-QM1cB must be equal to HC-QM1cA.  | ((bhckg548 + bhckg549 + bhckg550) - bhckg547) eq bhckg546   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0195        | HC-QM1dA    | BHCKG551    | Sum of HC-QM1dC, HC-QM1dD, and HC-QM1dE less HC-QM1dB must be equal to HC-QM1dA.  | ((bhckg553 + bhckg554 + bhckg555) - bhckg552) eq bhckg551   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0196        | HC-QM1eA    | BHCKG556    | Sum of HC-QM1eC, HC-QM1eD, and HC-QM1eE less HC-QM1eB must be equal to HC-QM1eA.  | ((bhckg558 + bhckg559 + bhckg560) - bhckg557) eq bhckg556   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0197        | HC-QM1fA    | BHCKG561    | Sum of HC-QM1fC, HC-QM1fD, and HC-QM1fE less HC-QM1fB must be equal to HC-QM1fA.  | ((bhckg563 + bhckg564 + bhckg565) - bhckg562) eq bhckg561   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Validity  | 0149        | HC-QM2aA    | BHCKF261    | Sum of HC-QM2aC, HC-QM2aD, and HC-QM2aE less HC-QM2aB must be equal to HC-QM2aA.  | ((bhckf697 + bhckf262 + bhckf263) - bhckf689) eq bhckf261   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0198        | HC-QM2bA    | BHCKG566    | Sum of HC-QM2bC, HC-QM2bD, and HC-QM2bE less HC-QM2bB must be equal to HC-QM2bA.  | ((bhckg568 + bhckg569 + bhckg570) - bhckg567) eq bhckg566   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0199        | HC-QM2cA    | BHCKG571    | Sum of HC-QM2cC, HC-QM2cD, and HC-QM2cE less HC-QM2cB must be equal to HC-QM2cA.  | ((bhckg573 + bhckg574 + bhckg575) - bhckg572) eq bhckg571   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0200        | HC-QM2dA    | BHCKG576    | Sum of HC-QM2dC, HC-QM2dD, and HC-QM2dE less HC-QM2dB must be equal to HC-QM2dA.  | ((bhckg578 + bhckg579 + bhckg580) - bhckg577) eq bhckg576   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0201        | HC-QM2eA    | BHCKG581    | Sum of HC-QM2eC, HC-QM2eD, and HC-QM2eE less HC-QM2eB must be equal to HC-QM2eA.  | ((bhckg583 + bhckg584 + bhckg585) - bhckg582) eq bhckg581   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Validity  | 0202        | HC-QM2fA    | BHCKG586    | Sum of HC-QM2fC, HC-QM2fD, and HC-QM2fE less HC-QM2fB must be equal to HC-QM2fA.  | ((bhckg588 + bhckg589 + bhckg590) - bhckg587) eq bhckg586   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3500        | HC-R3       | BHCKA221    | For BHCs only, if HC-B7C minus HC-B7D is greater than or equal to zero, then HC-R3 must be less than or equal to HC-B7C minus HC-B7D. | for BHCs only if (bhcka510 - bhcka511) ge 0 then bhcka221 le (bhcka510 - bhcka511)  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3650        | HC-R7a      | BHCKB590    | For BHCs only, HC-R23 must equal HC-R7a.  | for BHCs only bhctb590 eq bhckb590  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3510        | HC-R8       | BHCKC227    | For BHCs only, sum of HC-R1 and HC-R6a through HC-R6c minus the sum of HC-R2 through HC-R5, HC-R7a, and HC-R7b must equal HC-R8.      | for BHCs only ((bhcx3210 + bhckg214 + bhckg215 + bhckg216) - (bhck8434 + bhcka221 + bhck4336 + bhckb588 + bhckb590 + bhckf264)) eq bhckc227 |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3665        | HC-R9a      | BHCKB591    | For BHCs only, HC-R24 must equal HC-R9a.  | for BHCs only bhctb591 eq bhckb591  |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|--|--|
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3675        | HC-R9b      | BHCK5610    | For BHCs only, HC-R25 must equal HC-R9b.   | for BHCs only bhct5610 eq bhck5610   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3525        | HC-R11      | BHCK8274    | For BHCs only, sum of HC-R8 and HC-R10 minus the sum of HC-R9a and HC-R9b must equal HC-R11.                                       | for BHCs only (bhckc227 + bhckb592) - (bhckb591 + bhck5610) eq bhck8274  |
| FRY9C  | 20120630             | 99991231           | Added       | HC-R     | Validity  | 3526        | HC-R11      | BHCK8274    | For BHCs only, if HC-R11 is greater than or equal to zero, then the sum of HC-R18 and HC-R19 must be less than or equal to HC-R11. | for BHCs only if bhck8274 ge 0 then (bhck8275 + bhck1395) le bhck8274  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3550        | HC-R17      | BHCK5311    | For BHCs only, sum of HC-R12 through HC-R16 must equal HC-R17.   | for BHCs only (bhckg217 + bhckg218 + bhck5310 + bhck2221 + bhckb594) eq bhck5311   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3565        | HC-R18      | BHCK8275    | For BHCs only, if HC-R17 is less than or equal to HC-R11, then HC-R18 must equal HC-R17.   | for BHCs only if (bhck5311 le bhck8274) then (bhck8275 eq bhck5311)  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3580        | HC-R18      | BHCK8275    | For BHCs only, if HC-R11 is greater than zero and HC-R17 is greater than HC-R11, then HC-R18 must equal HC-R11.                    | for BHCs only if (bhck8274 gt 0 and bhck5311 gt bhck8274) then (bhck8275 eq bhck8274)  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3590        | HC-R18      | BHCK8275    | For BHCs only, if HC-R11 is less than or equal to zero, then HC-R18 must equal zero.   | for BHCs only if bhck8274 le 0 then bhck8275 eq 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3625        | HC-R21      | BHCK3792    | For BHCs only, sum of HC-R11, HC-R18, and HC-R19 minus HC-R20 must equal HC-R21.   | for BHCs only ((bhck8274 + bhck8275 + bhck1395) - bhckb595) eq bhck3792  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3690        | HC-R27      | BHCKA224    | For BHCs only, HC-R22 minus the sum of HC-R23 through HC-R26 must equal HC-R27.  | for BHCs only bhct3368 - (bhctb590 + bhctb591 + bhct5610 + bhckb596) eq bhcka224   |
| FRY9C  | 20120331             | 99991231           | Added       | HC-R     | Validity  | 0428        | HC-R33      | BHCK7205    | For SLHCs only, HC-R1 through HC-R33 must equal null.  | for SLHCs only bhcx3210 eq null and bhck8434 eq null and bhcka221 eq null and bhck4336 eq null and bhckb588 eq null and bhckg214 eq null and bhckg215 eq null and bhckg216 eq null and bhckb590 eq null and bhckf264 eq null and bhckc227 eq null and bhckb591 eq null and bhck5610 eq null and bhckb592 eq null and bhck8274 eq null and bhckg217 eq null and bhckg218 eq null and bhck5310 eq null and bhck2221 eq null and bhckb594 eq null and bhck5311 eq null and bhck8275 eq null and bhck1395 eq null and bhckb595 eq null and bhck3792 eq null and bhct3368 eq null and bhctb590 eq null and bhctb591 eq null and bhct5610 eq null and bhckb596 eq null and bhcka224 eq null and bhck7204 eq null and bhck7206 eq null and bhck7205 eq null |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3710        | HC-R34A     | BHCK0010    | For BHCs only, sum of HC-1a through HC-1b2 must equal HC-R34A.   | for BHCs only (bhck0081 + bhck0395 + bhck0397) eq bhck0010   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3715        | HC-R34F     | BHC90010    | For BHCs only, sum of HC-R34B through HC-R34F must equal HC-R34A.  | for BHCs only (bhce0010 + bhc00010 + bhct20010 + bhct90010) eq bhck0010  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3740        | HC-R35F     | BHC91754    | For BHCs only, sum of HC-R35B through HC-R35F must equal HC-R35A.  | for BHCs only (bhce1754 + bhct01754 + bhct21754 + bhct51754 + bhct91754) eq bhcx1754   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3765        | HC-R36F     | BHC91773    | For BHCs only, sum of HC-R36B through HC-R36F must equal HC-R36A.  | for BHCs only (bhce1773 + bhct01773 + bhct21773 + bhct51773 + bhct91773) eq bhcx1773   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3780        | HC-R37A     | BHCKC225    | For BHCs only, HC-R37A must equal the sum of HC-3a and HC-3b.  | for BHCs only bhckc225 eq (bhctb987 + bhckb989)  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3795        | HC-R37F     | BHC9C225    | For BHCs only, sum of HC-R37C, HC-R37D, and HC-R37F must equal HC-R37A.  | for BHCs only (bhct0c225 + bhct2c225 + bhct9c225) eq bhckc225  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3820        | HC-R38F     | BHC95369    | For BHCs only, sum of HC-R38B through HC-R38F must equal HC-R38A.  | for BHCs only (bhce5369 + bhct05369 + bhct25369 + bhct5369 + bhct95369) eq bhct5369  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3845        | HC-R39F     | BHC9B528    | For BHCs only, sum of HC-R39B through HC-R39F must equal HC-R39A.  | for BHCs only (bhceb528 + bhct0b528 + bhct2b528 + bhct5b528 + bhct9b528) eq bhctb528   |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3870        | HC-R40B     | BHCE3123    | For BHCs only, HC-R40B must equal HC-R40A.  | for BHCs only bhce3123 eq bhcx3123  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3895        | HC-R41F     | BHC93545    | For BHCs only, HC-R41A must equal the sum of HC-R41B through HC-R41F.   | for BHCs only bhcx3545 eq (bhce3545 + bhc03545 + bhcx23545 + bhcx53545 + bhcx93545)   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3910        | HC-R42A     | BHCKB639    | For BHCs only, HC-R42A must equal the sum of HC-6 through HC-11.  | for BHCs only bhckb639 eq (bhck2145 + bhck2150 + bhck2130 + bhck3656 + bhck3163 + bhck0426 + bhck2160)  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3920        | HC-R42A     | BHCKB639    | For BHCs only, sum of HC-R34A through HC-R39A, HC-R41A, and HC-R42A minus HC-R40A must equal HC-R43A.                     | for BHCs only ((bhck0010 + bhcx1754 + bhcx1773 + bhckc225 + bhct5369 + bhctb528 + bhcx3545 + bhckb639) - bhcx3123) eq bhct2170  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3930        | HC-R42F     | BHC9B639    | For BHCs only, sum of HC-R42B through HC-R42F must equal HC-R42A.   | for BHCs only (bhceb639 + bhcb639 + bhcb2b639 + bhcb5b639 + bhcb9b639) eq bhckb639  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3955        | HC-R43B     | BHCE2170    | For BHCs only, sum of HC-R34B, HC-R35B, HC-R36B, HC-R38B, HC-R39B, HC-R41B, and HC-R42B minus HC-R40B must equal HC-R43B. | for BHCs only ((bhce0010 + bhce1754 + bhce1773 + bhce5369 + bhceb528 + bhce3545 + bhceb639) - bhce3123) eq bhce2170   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3965        | HC-R43C     | BHC02170    | For BHCs only, sum of HC-R34C through HC-R39C, HC-R41C, and HC-R42C must equal HC-R43C.                                   | for BHCs only (bhcb0010 + bhcb01754 + bhcb01773 + bhcb0c225 + bhcb05369 + bhcb0b528 + bhcb03545 + bhcb0b639) eq bhcb02170   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3975        | HC-R43D     | BHC22170    | For BHCs only, sum of HC-R34D through HC-R39D, HC-R41D, and HC-R42D must equal HC-R43D.                                   | for BHCs only (bhcb20010 + bhcb21754 + bhcb21773 + bhcb2c225 + bhcb25369 + bhcb2b528 + bhcb23545 + bhcb2b639) eq bhcb22170  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3985        | HC-R43E     | BHC52170    | For BHCs only, sum of HC-R35E, HC-R36E, HC-R38E, HC-R39E, HC-R41E, and HC-R42E must equal HC-R43E.                        | for BHCs only (bhcb51754 + bhcb51773 + bhcb55369 + bhcb5b528 + bhcb53545 + bhcb5b639) eq bhcb52170  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 3995        | HC-R43F     | BHC92170    | For BHCs only, sum of HC-R34F through HC-R39F, HC-R41F, and HC-R42F must equal HC-R43F.                                   | for BHCs only (bhcb90010 + bhcb91754 + bhcb91773 + bhcb9c225 + bhcb95369 + bhcb9b528 + bhcb93545 + bhcb9b639) eq bhcb92170  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4005        | HC-R43F     | BHC92170    | For BHCs only, sum of HC-R43B through HC-R43F must equal HC-R43A.   | for BHCs only (bhce2170 + bhcb02170 + bhcb22170 + bhcb52170 + bhcb92170) eq bhct2170  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-R     | Validity  | 0429        | HC-R43F     | BHC92170    | For SLHCs only, HC-R34A through HC-R43F must equal null.  | for SLHCs only bhck0010 eq null and bhce0010 eq null and bhcb00010 eq null and bhcb20010 eq null and bhcb90010 eq null and bhcbx1754 eq null and bhcbce1754 eq null and bhcb01754 eq null and bhcb21754 eq null and bhcb51754 eq null and bhcb91754 eq null and bhcbx1773 eq null and bhcbce1773 eq null and bhcb01773 eq null and bhcb21773 eq null and bhcb51773 eq null and bhcb91773 eq null and bhckc225 eq null and bhcb0c225 eq null and bhcb2c225 eq null and bhcb9c225 eq null and bhct5369 eq null and bhce5369 eq null and bhcb05369 eq null and bhcb25369 eq null and bhcb55369 eq null and bhcb95369 eq null and bhctb528 eq null and bhceb528 eq null and bhcb0b528 eq null and bhcb2b528 eq null and bhcb5b528 eq null and bhcb9b528 eq null and bhcbx3123 eq null and bhce3123 eq null and bhcbx3545 eq null and bhce3545 eq null and bhcb03545 eq null and bhcb23545 eq null and bhcb53545 eq null and bhcb93545 eq null and bhckb639 eq null and bhceb639 eq null and bhcb0b639 eq null and bhcb2b639 eq null and bhcb5b639 eq null and bhcb9b639 eq null and bhct2170 eq null and bhce2170 eq null and bhcb02170 eq null and bhcb22170 eq null and bhcb52170 eq null and bhcb92170 eq null |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|--|
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4035        | HC-R44F     | BHC9B546    | For BHCs only, sum of HC-R44C through HC-R44F must equal HC-R44B.       | for BHCs only (bhc0b546 + bhc2b546 + bhc5b546 + bhc9b546) eq bhceb546  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4055        | HC-R45B     | BHCE6570    | For BHCs only, HC-R45B must equal HC-R45A multiplied by 50%. (+/-2)     | for BHCs only (bhce6570 le ((bhct6570 * .5) + 2)) and (bhce6570 ge ((bhct6570 * .5) - 2))  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4065        | HC-R45F     | BHC96570    | For BHCs only, sum of HC-R45C through HC-R45F must equal HC-R45B.       | for BHCs only (bhc06570 + bhc26570 + bhc56570 + bhc96570) eq bhce6570  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4085        | HC-R46B     | BHCE3411    | For BHCs only, HC-R46B must equal HC-R46A multiplied by 20%. (+/-2)     | for BHCs only (bhce3411 le ((bhct3411 * .2) + 2)) and (bhce3411 ge ((bhct3411 * .2) - 2))  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4095        | HC-R46F     | BHC93411    | For BHCs only, sum of HC-R46C through HC-R46F must equal HC-R46B.       | for BHCs only (bhc03411 + bhc23411 + bhc53411 + bhc93411) eq bhce3411  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4105        | HC-R47B     | BHCE3429    | For BHCs only, HC-R47B must equal HC-R47A.                              | for BHCs only bhce3429 eq bhck3429   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4115        | HC-R47F     | BHC93429    | For BHCs only, sum of HC-R47C, HC-R47D, and HC-R47F must equal HC-R47B. | for BHCs only (bhc03429 + bhc23429 + bhc93429) eq bhce3429   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4135        | HC-R48B     | BHCE3433    | For BHCs only, HC-R48B must equal HC-R48A.                              | for BHCs only bhce3433 eq bhct3433   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4145        | HC-R48F     | BHC93433    | For BHCs only, sum of HC-R48C through HC-R48F must equal HC-R48B.       | for BHCs only (bhc03433 + bhc23433 + bhc53433 + bhc93433) eq bhce3433  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4155        | HC-R49B     | BHCEA250    | For BHCs only, HC-R49B must equal HC-R49A.                              | for BHCs only bhcea250 eq bhcta250   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4165        | HC-R49F     | BHC9A250    | For BHCs only, sum of HC-R49C through HC-R49F must equal HC-R49B.       | for BHCs only (bhc0a250 + bhc2a250 + bhc5a250 + bhc9a250) eq bhcea250  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4170        | HC-R50F     | BHC9B541    | For BHCs only, HC-R50F must equal HC-R50B.                              | for BHCs only bhc9b541 eq bhceb541   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4175        | HC-R51B     | BHCEB675    | For BHCs only, HC-R51B must equal HC-R51A.                              | for BHCs only bhceb675 eq bhckb675   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4185        | HC-R51F     | BHC9B675    | For BHCs only, sum of HC-R51C through HC-R51F must equal HC-R51B.       | for BHCs only (bhc0b675 + bhc2b675 + bhc5b675 + bhc9b675) eq bhceb675  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4195        | HC-R52B     | BHCEB681    | For BHCs only, HC-R52B must equal HC-R52A.                              | for BHCs only bhceb681 eq bhckb681   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4210        | HC-R52F     | BHC9B681    | For BHCs only, sum of HC-R52C through HC-R52F must equal HC-R52B.       | for BHCs only (bhc0b681 + bhc2b681 + bhc5b681 + bhc9b681) eq bhceb681  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-R     | Validity  | 0430        | HC-R52F     | BHC9B681    | For SLHCs only, HC-R44A through HC-R52F must equal null.                | for SLHCs only bhckb546 eq null and bhceb546 eq null and bhc0b546 eq null and bhc2b546 eq null and bhc5b546 eq null and bhc9b546 eq null and bhct6570 eq null and bhce6570 eq null and bhc06570 eq null and bhc26570 eq null and bhc56570 eq null and bhc96570 eq null and bhct3411 eq null and bhce3411 eq null and bhc03411 eq null and bhc23411 eq null and bhc53411 eq null and bhc93411 eq null and bhck3429 eq null and bhce3429 eq null and bhc03429 eq null and bhc23429 eq null and bhc93429 eq null and bhct3433 eq null and bhce3433 eq null and bhc03433 eq null and bhc23433 eq null and bhc53433 eq null and bhc93433 eq null and bhcta250 eq null and bhcea250 eq null and bhc0a250 eq null and bhc2a250 eq null and bhc5a250 eq null and bhc9a250 eq null and bhckb541 eq null and bhceb541 eq null and bhc9b541 eq null and bhckb675 eq null and bhceb675 eq null and bhc0b675 eq null and bhc2b675 eq null and bhc5b675 eq null and bhc9b675 eq null and bhckb681 eq null and bhceb681 eq null and bhc0b681 eq null and bhc2b681 eq null and bhc5b681 eq null and bhc9b681 eq null |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4220        | HC-R53aB    | BHCE6572    | For BHCs only, HC-R53aB must equal HC-R53aA multiplied by 50%. (+/-2k)  | for BHCs only bhce6572 le ((bhck6572 * .5) + 2) and bhce6572 ge ((bhck6572 * .5) - 2)  |

Validity (V) Edits for the FR Y-9C  
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Each edit in the checklist must balance, rounding errors are not allowed.

| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type | Edit Number | Target Item | MDRM Number | Edit Test   | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|--|
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4230        | HC-R53aF    | BHC96572    | For BHCs only, sum of HC-R53aC through HC-R53aF must equal HC-R53aB.  | for BHCs only (bhc06572 + bhc26572 + bhc56572 + bhc96572) eq bhce6572  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 0213        | HC-R53bB    | BHCEG591    | For BHCs only, HC-R53bB must equal HC-R53bA multiplied by 10%. (+/-2k)  | for BHCs only bhceg591 le ((bhckg591 * .1) + 2) and bhceg591 ge ((bhckg591 * .1) - 2)  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 0214        | HC-R53bF    | BHC9G591    | For BHCs only, sum of HC-R53bC through HC-R53bF must equal HC-R53bB.  | for BHCs only (bhc0g591 + bhc2g591 + bhc5g591 + bhc9g591) eq bhceg591  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4240        | HC-R54E     | BHC5A167    | For BHCs only, sum of HC-R54C through HC-R54E must equal HC-R54B.   | for BHCs only (bhc0a167 + bhc2a167 + bhc5a167) eq bhcea167   |
| FRY9C  | 20120331             | 99991231           | Added       | HC-R     | Validity  | 0431        | HC-R54E     | BHC5A167    | For SLHCs only, HC-R53aA through HC-R54E must equal null.   | for SLHCs only bhck6572 eq null and bhce6572 eq null and bhc06572 eq null and bhc26572 eq null and bhc56572 eq null and bhc96572 eq null and bhckg591 eq null and bhceg591 eq null and bhc0g591 eq null and bhc2g591 eq null and bhc5g591 eq null and bhc9g591 eq null and bhcea167 eq null and bhc0a167 eq null and bhc2a167 eq null and bhc5a167 eq null |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4250        | HC-R55C     | BHCKB696    | For BHCs only, sum of HC-R43C through HC-R49C and HC-R51C through HC-R54C must equal HC-R55C.                   | for BHCs only (bhc02170 + bhc0b546 + bhc06570 + bhc03411 + bhc03429 + bhc03433 + bhc0a250 + bhc0b675 + bhc0b681 + bhc06572 + bhc0g591 + bhc0a167) eq bhckb696  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4260        | HC-R55D     | BHCKB697    | For BHCs only, sum of HC-R43D through HC-R49D and HC-R51D through HC-R54D must equal HC-R55D.                   | for BHCs only (bhc22170 + bhc2b546 + bhc26570 + bhc23411 + bhc23429 + bhc23433 + bhc2a250 + bhc2b675 + bhc2b681 + bhc26572 + bhc2g591 + bhc2a167) eq bhckb697  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4270        | HC-R55E     | BHCKB698    | For BHCs only, sum of HC-R43E through HC-R46E, HC-R48E, HC-R49E and HC-R51E through HC-R54E must equal HC-R55E. | for BHCs only (bhc52170 + bhc5b546 + bhc56570 + bhc53411 + bhc53433 + bhc5a250 + bhc5b675 + bhc5b681 + bhc56572 + bhc5g591 + bhc5a167) eq bhckb698   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4280        | HC-R55F     | BHCKB699    | For BHCs only, sum of HC-R43F through HC-R53bF must equal HC-R55F.  | for BHCs only (bhc92170 + bhc9b546 + bhc96570 + bhc93411 + bhc93429 + bhc93433 + bhc9a250 + bhc9b541 + bhc9b675 + bhc9b681 + bhc96572 + bhc9a591) eq bhckb699  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4290        | HC-R57C     | BHCKB700    | For BHCs only, HC-R57C must equal zero.   | for BHCs only bhckb700 eq 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4300        | HC-R57D     | BHCKB701    | For BHCs only, HC-R57D must equal HC-R55D multiplied by 20%. (+/-2)   | for BHCs only bhckb701 le ((bhckb697 * .2) + 2) and bhckb701 ge ((bhckb697 * .2) - 2)  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4310        | HC-R57E     | BHCKB702    | For BHCs only, HC-R57E must equal HC-R55E multiplied by 50%. (+/-2)   | for BHCs only bhckb702 le ((bhckb698 * .5) + 2) and bhckb702 ge ((bhckb698 * .5) - 2)  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4320        | HC-R57F     | BHCKB703    | For BHCs only, HC-R57F must equal HC-R55F.  | for BHCs only bhckb703 eq bhckb699   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4335        | HC-R59      | BHCKB704    | For BHCs only, sum of HC-R57C through HC-R57F and HC-R58 must equal HC-R59.                                     | for BHCs only (bhckb700 + bhckb701 + bhckb702 + bhckb703 + bhck1651) eq bhckb704   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4345        | HC-R62      | BHCKA223    | For BHCs only, HC-R62 must equal HC-R59 minus the sum of HC-R60 and HC-R61.                                     | for BHCs only bhcka223 eq (bhckb704 - (bhcka222 + bhck3218))   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Validity  | 4355        | HC-RM6      | BHCKF031    | For BHCs only, HC-RM6 should be less than or equal to HC-R58.   | for BHCs only bhckf031 le bhck1651   |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20120331             | 99991231           | Added       | HC-R     | Validity  | 0432        | HC-RM10     | BHCKG222    | For SLHCs only, HC-R55 through HC-RM10 must equal null.           | for SLHCs only bhckb696 eq null and bhckb697 eq null and bhckb698 eq null and bhckb699 eq null and bhckb700 eq null and bhckb701 eq null and bhckb702 eq null and bhckb703 eq null and bhck1651 eq null and bhckb704 eq null and bhcka222 eq null and bhck3128 eq null and bhcka223 eq null and bhck8764 eq null and bhck3809 eq null and bhck8766 eq null and bhck8767 eq null and bhck3812 eq null and bhck8769 eq null and bhck8770 eq null and bhck8771 eq null and bhck8772 eq null and bhck8773 eq null and bhck8774 eq null and bhck8775 eq null and bhck8776 eq null and bhck8777 eq null and bhck8778 eq null and bhck8779 eq null and bhcka000 eq null and bhcka001 eq null and bhcka002 eq null and bhckg597 eq null and bhckg598 eq null and bhckg599 eq null and bhckg600 eq null and bhckg601 eq null and bhckg602 eq null and bhck5479 eq null and bhckc498 eq null and bhcka507 eq null and bhck2771 eq null and bhck5483 eq null and bhck5484 eq null and bhckf031 eq null and bhckg219 eq null and bhckg220 eq null and bhck5990 eq null and bhckc502 eq null and bhckg221 eq null and bhckg222 eq null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Validity  | 4590        | HC-S4bA     | BHCKB740    | Sum of HC-S4aA and HC-S4bA must be less than or equal to HC-S1A.  | (bhckb733 + bhckb740) le bhckb705   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Validity  | 4595        | HC-S4bB     | BHCKB741    | Sum of HC-S4aB and HC-S4bB must be less than or equal to HC-S1B.  | (bhckb734 + bhckb741) le bhckb706   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Validity  | 4600        | HC-S4bC     | BHCKB742    | Sum of HC-S4aC and HC-S4bC must be less than or equal to HC-S1C.  | (bhckb735 + bhckb742) le bhckb707   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Validity  | 4605        | HC-S4bD     | BHCKB743    | Sum of HC-S4aD and HC-S4bD must be less than or equal to HC-S1D.  | (bhckb736 + bhckb743) le bhckb708   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Validity  | 4610        | HC-S4bE     | BHCKB744    | Sum of HC-S4aE and HC-S4bE must be less than or equal to HC-S1E.  | (bhckb737 + bhckb744) le bhckb709   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Validity  | 4615        | HC-S4bF     | BHCKB745    | Sum of HC-S4aF and HC-S4bF must be less than or equal to HC-S1F.  | (bhckb738 + bhckb745) le bhckb710   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Validity  | 4620        | HC-S4bG     | BHCKB746    | Sum of HC-S4aG and HC-S4bG must be less than or equal to HC-S1G.  | (bhckb739 + bhckb746) le bhckb711   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Validity  | 4640        | HC-S7bB     | BHCKB767    | Sum of HC-S7aB and HC-S7bB must be less than or equal to HC-S6aB. | (bhckb764 + bhckb767) le bhckb761   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Validity  | 4645        | HC-S7bC     | BHCKB768    | Sum of HC-S7aC and HC-S7bC must be less than or equal to HC-S6aC. | (bhckb765 + bhckb768) le bhckb762   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5139        | HI-1a1a     | BHCK4435    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-1a1a | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4435-q1 ge bhck4435-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9000        | HI-1a1a     | BHCK4435    | HI-1a1a should not be null and should not be negative.  | bhck4435 ne null and bhck4435 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 0077        | HI-1a1b     | BHCK4436    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-1a1b | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4436-q1 ge bhck4436-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 0079        | HI-1a1b     | BHCK4436    | HI-1a1b should not be null and should not be negative.  | bhck4436 ne null and bhck4436 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 0078        | HI-1a1c     | BHCKF821    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-1a1c | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhckf821-q1 ge bhckf821-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 0080        | HI-1a1c     | BHCKF821    | HI-1a1c should not be null and should not be negative.  | bhckf821 ne null and bhckf821 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5141        | HI-1a2      | BHCK4059    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-1a2  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4059-q1 ge bhck4059-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9010        | HI-1a2      | BHCK4059    | HI-1a2 should not be negative.  | bhck4059 ge 0 or bhck4059 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5142        | HI-1b       | BHCK4065    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-1b   | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4065-q1 ge bhck4065-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9020        | HI-1b       | BHCK4065    | HI-1b should not be null.   | bhck4065 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5143        | HI-1c       | BHCK4115    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-1c   | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4115-q1 ge bhck4115-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9030        | HI-1c       | BHCK4115    | HI-1c should not be null and should not be negative.  | bhck4115 ne null and bhck4115 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5144        | HI-1d1      | BHCKB488    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-1d1  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhckb488-q1 ge bhckb488-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9030        | HI-1d1      | BHCKB488    | HI-1d1 should not be null and should not be negative.   | bhckb488 ne null and bhckb488 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5145        | HI-1d2      | BHCKB489    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-1d2  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhckb489-q1 ge bhckb489-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9030        | HI-1d2      | BHCKB489    | HI-1d2 should not be null and should not be negative.   | bhckb489 ne null and bhckb489 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5146        | HI-1d3      | BHCK4060    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-1d3  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4060-q1 ge bhck4060-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9030        | HI-1d3      | BHCK4060    | HI-1d3 should not be null and should not be negative.   | bhck4060 ne null and bhck4060 ge 0  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5147        | HI-1e       | BHCK4069    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-1e   | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4069-q1 ge bhck4069-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9030        | HI-1e       | BHCK4069    | HI-1e should not be null and should not be negative.  | bhck4069 ne null and bhck4069 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5148        | HI-1f       | BHCK4020    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-1f   | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4020-q1 ge bhck4020-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9030        | HI-1f       | BHCK4020    | HI-1f should not be null and should not be negative.  | bhck4020 ne null and bhck4020 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5149        | HI-1g       | BHCK4518    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-1g   | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4518-q1 ge bhck4518-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9030        | HI-1g       | BHCK4518    | HI-1g should not be null and should not be negative.  | bhck4518 ne null and bhck4518 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9030        | HI-1h       | BHCK4107    | HI-1h should not be null and should not be negative.  | bhck4107 ne null and bhck4107 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5150        | HI-2a1a     | BHCKA517    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-2a1a | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhcka517-q1 ge bhcka517-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9030        | HI-2a1a     | BHCKA517    | HI-2a1a should not be null and should not be negative.  | bhcka517 ne null and bhcka517 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5151        | HI-2a1b     | BHCKA518    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-2a1b | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhcka518-q1 ge bhcka518-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9030        | HI-2a1b     | BHCKA518    | HI-2a1b should not be null and should not be negative.  | bhcka518 ne null and bhcka518 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5152        | HI-2a1c     | BHCK6761    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-2a1c | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck6761-q1 ge bhck6761-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9030        | HI-2a1c     | BHCK6761    | HI-2a1c should not be null and should not be negative.  | bhck6761 ne null and bhck6761 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5153        | HI-2a2      | BHCK4172    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-2a2  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4172-q1 ge bhck4172-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9040        | HI-2a2      | BHCK4172    | HI-2a2 should not be negative.  | bhck4172 ge 0 or bhck4172 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5154        | HI-2b       | BHCK4180    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-2b   | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4180-q1 ge bhck4180-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9050        | HI-2b       | BHCK4180    | HI-2b should not be null and should not be negative.  | bhck4180 ne null and bhck4180 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5155        | HI-2c       | BHCK4185    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-2c   | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4185-q1 ge bhck4185-q2 - 2) |

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| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9050        | HI-2c       | BHCK4185    | HI-2c should not be null and should not be negative.   | bhck4185 ne null and bhck4185 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5120        | HI-2d       | BHCK4397    | For March, if HC-19a is greater than \$2 million, then HI-2d should be greater than zero.  | if (mm-q1 eq 03) and (bhck4062 gt 2000) then bhck4397 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5130        | HI-2d       | BHCK4397    | For June, September, and December, if HC-19a (current) is greater than \$2 million, then HI-2d (current minus previous) should be greater than zero.                                       | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4062-q1 gt 2000) then (bhck4397-q1 - bhck4397-q2) gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5156        | HI-2d       | BHCK4397    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-2d  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4397-q1 ge bhck4397-q2 - 2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9050        | HI-2d       | BHCK4397    | HI-2d should not be null and should not be negative.   | bhck4397 ne null and bhck4397 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5157        | HI-2e       | BHCK4398    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-2e  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4398-q1 ge bhck4398-q2 - 2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9050        | HI-2e       | BHCK4398    | HI-2e should not be null and should not be negative.   | bhck4398 ne null and bhck4398 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9050        | HI-2f       | BHCK4073    | HI-2f should not be null and should not be negative.   | bhck4073 ne null and bhck4073 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9060        | HI-3        | BHCK4074    | HI-3 should not be null.   | bhck4074 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9060        | HI-4        | BHCK4230    | HI-4 should not be null.   | bhck4230 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5158        | HI-5a       | BHCK4070    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-5a  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4070-q1 ge bhck4070-q2 - 2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9070        | HI-5a       | BHCK4070    | HI-5a should not be negative.  | bhck4070 ge 0 or bhck4070 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5159        | HI-5b       | BHCK4483    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-5b  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4483-q1 ge bhck4483-q2 - 2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9080        | HI-5b       | BHCK4483    | HI-5b should not be null and should not be negative.   | bhck4483 ne null and bhck4483 ge 0  |
| FRY9C  | 20090630             | 99991231           | Revised     | HI       | Quality     | 0075        | HI-5c       | BHCKA220    | If HC-Q5aA or HC-Q5bA or HC-Q10aA or HC-Q10bA is not equal to zero or null, then HI-5c should not equal zero or null.  | if ((bhct3543 ne 0 or bhct3543 ne null) or (bhckg497 ne 0 or bhckg497 ne null) or (bhct3547 ne 0 or bhct3547 ne null) or (bhckg516 ne 0 or bhckg516 ne null)) then (bhcka220 ne 0 and bhcka220 ne null) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9090        | HI-5c       | BHCKA220    | HI-5c should not be null.  | bhcka220 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5160        | HI-5d1      | BHCKC886    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-5d1 | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhckc886-q1 ge bhckc886-q2 - 2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9090        | HI-5d1      | BHCKC886    | HI-5d1 should not be null.   | bhckc886 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5161        | HI-5d2      | BHCKC888    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-5d2 | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhckc888-q1 ge bhckc888-q2 - 2)   |

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| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9090        | HI-5d2      | BHCKC888    | HI-5d2 should not be null.  | bhckc888 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5162        | HI-5d3      | BHCKC887    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-5d3  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhckc887-q1 ge bhckc887-q2 - 2)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9090        | HI-5d3      | BHCKC887    | HI-5d3 should not be null.  | bhckc887 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5131        | HI-5d4      | BHCKC386    | If the sum of HI-Mem12b1 and HI-Mem12b2 is greater than zero and does not equal HI-5d5, then HI-5d4 should be greater than zero.  | if ((bhckc242 + bhckc243 gt 0) and (bhckc242 + bhckc243 ne bhckc387)) then bhckc386 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5132        | HI-5d4      | BHCKC386    | If HI-5d4 is greater than zero, then HI-5d4 should be greater than or equal to the sum of HI-Mem12b1 and HI-Mem12b2.  | if bhckc386 gt 0 then bhckc386 ge (bhckc242 + bhckc243)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5133        | HI-5d4      | BHCKC386    | If HI-Mem12c is greater than zero, then HI-5d4 should be greater than zero.   | if bhckb983 gt 0 then bhckc386 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5134        | HI-5d4      | BHCKC386    | If the sum of HC-I(I)2, HC-I(I)5, HC-I(I)6, HC-I(I)3, HC-I(I)6, HC-I(I)7, and HC-M21 is greater than zero, then HI-5d4 should be greater than zero.   | if (bhckc244 + bhckc245 + bhckc246 + bhckc248 + bhckc249 + bhckc250 + bhckc253) gt 0 then bhckc386 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5163        | HI-5d4      | BHCKC386    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-5d4. | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhckc386-q1 ge bhckc386-q2 - 2)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9100        | HI-5d4      | BHCKC386    | HI-5d4 should not be null and should not be negative.   | bhckc386 ne null and bhckc386 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5135        | HI-5d5      | BHCKC387    | For March, If the absolute value of HI-5d4 is greater than \$5k, then HI-5d5 should not equal zero.   | if (mm-q1 eq 03) and (bhckc386 gt 5 or (bhckc386 * -1) gt 5) then bhckc387 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5137        | HI-5d5      | BHCKC387    | For June, September, and December, If the absolute value of HI-5d4 (current minus previous) is greater than \$5k, then HI-5d5 (current minus previous) should not equal zero.               | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and ((bhckc386-q1 - bhckc386-q2) gt 5 or ((bhckc386-q1 - bhckc386-q2) * -1) gt 5) then (bhckc387-q1 - bhckc387-q2) ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5164        | HI-5d5      | BHCKC387    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-5d5. | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhckc387-q1 ge bhckc387-q2 - 2)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9100        | HI-5d5      | BHCKC387    | HI-5d5 should not be null and should not be negative.   | bhckc387 ne null and bhckc387 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9090        | HI-5e       | BHCKB491    | HI-5e should not be null.   | bhckb491 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9090        | HI-5f       | BHCKB492    | HI-5f should not be null.   | bhckb492 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9090        | HI-5g       | BHCKB493    | HI-5g should not be null.   | bhckb493 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9110        | HI-5i       | BHCK8560    | HI-5i should not be null.   | bhck8560 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9110        | HI-5j       | BHCK8561    | HI-5j should not be null.   | bhck8561 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9110        | HI-5k       | BHCKB496    | HI-5k should not be null.   | bhckb496 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9110        | HI-5l       | BHCKB497    | HI-5l should not be null.   | bhckb497 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9110        | HI-5m       | BHCK4079    | HI-5m should not be null.   | bhck4079 ne null   |

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| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9110        | HI-6a       | BHCK3521    | HI-6a should not be null.  | bhck3521 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9110        | HI-6b       | BHCK3196    | HI-6b should not be null.  | bhck3196 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5138        | HI-7a       | BHCK4135    | HI-7a should be greater than zero.   | bhck4135 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5166        | HI-7a       | BHCK4135    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-7a  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4135-q1 ge bhck4135-q2 - 2)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9120        | HI-7a       | BHCK4135    | HI-7a should not be null and should not be negative.   | bhck4135 ne null and bhck4135 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5167        | HI-7b       | BHCK4217    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-7b  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhck4217-q1 ge bhck4217-q2 - 2)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9130        | HI-7b       | BHCK4217    | HI-7b should not be null.  | bhck4217 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5168        | HI-7c1      | BHCKC216    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-7c1 | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhckc216-q1 ge bhckc216-q2 - 2)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9140        | HI-7c1      | BHCKC216    | HI-7c1 should not be null and should not be negative.  | bhckc216 ne null and bhckc216 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5169        | HI-7c2      | BHCKC232    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then the current period should be greater than or equal to the previous period (minus \$2k) for HI-7c2 | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhckc232-q1 ge bhckc232-q2 - 2)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9140        | HI-7c2      | BHCKC232    | HI-7c2 should not be null and should not be negative.  | bhckc232 ne null and bhckc232 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9150        | HI-7d       | BHCK4092    | HI-7d should not be null.  | bhck4092 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9160        | HI-7e       | BHCK4093    | HI-7e should not be null and should not be negative.   | bhck4093 ne null and bhck4093 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9170        | HI-8        | BHCK4301    | HI-8 should not be null.   | bhck4301 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9170        | HI-9        | BHCK4302    | HI-9 should not be null.   | bhck4302 ne null   |
| FRY9C  | 20090331             | 99991231           | Revised     | HI       | Quality     | 9170        | HI-10       | BHCK4300    | HI-10 should not be null.  | bhck4300 ne null   |
| FRY9C  | 20090331             | 99991231           | Revised     | HI       | Quality     | 9170        | HI-11       | BHCK4320    | HI-11 should not be null.  | bhck4320 ne null   |
| FRY9C  | 20090331             | 99991231           | Added       | HI       | Quality     | 9170        | HI-12       | BHCKG104    | HI-12 should not be null.  | bhckg104 ne null   |
| FRY9C  | 20090331             | 99991231           | Added       | HI       | Quality     | 9170        | HI-13       | BHCKG103    | HI-13 should not be null.  | bhckg103 ne null   |
| FRY9C  | 20090331             | 99991231           | Revised     | HI       | Quality     | 9170        | HI-14       | BHCK4340    | HI-14 should not be null.  | bhck4340 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5212        | HI-Mem1     | BHCK4519    | HI-Mem1 should be greater than or equal to HI-3.   | bhck4519 ge bhck4074   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5214        | HI-Mem1     | BHCK4519    | The absolute value of HI-Mem1 should be less than or equal to 150% of the absolute value of HI-3.  | ((if bhck4519 lt 0 and bhck4519 ne null then bhck4519 * -1 else bhck4519) le ((if bhck4074 lt 0 and bhck4074 ne null then bhck4074 * -1 else bhck4074) * 1.5)) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9180        | HI-Mem1     | BHCK4519    | HI-Mem1 should not be null.  | bhck4519 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5216        | HI-Mem2     | BHCK4592    | HI-Mem2 should be greater than or equal to HI-8.   | bhck4592 ge bhck4301   |

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| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5218        | HI-Mem2     | BHCK4592    | The absolute value of HI-Mem2 should be less than or equal to 150% of the absolute value of HI-8.  | ((if bhck4592 lt 0 and bhck4592 ne null then bhck4592 * -1 else bhck4592) le ((if bhck4301 lt 0 and bhck4301 ne null then bhck4301 * -1 else bhck4301) * 1.5))   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9180        | HI-Mem2     | BHCK4592    | HI-Mem2 should not be null.  | bhck4592 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5220        | HI-Mem3     | BHCK4313    | For June, September, and December, HI-Mem3 (current) should be greater than or equal to HI-Mem3 (previous - \$2k).   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4313-q1 ge bhck4313-q2 - 2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9190        | HI-Mem3     | BHCK4313    | HI-Mem3 should not be null and should not be negative.   | bhck4313 ne null and bhck4313 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5235        | HI-Mem4     | BHCK4507    | For June, September, and December, HI-Mem4 (current) should be greater than or equal to HI-Mem4 (previous - \$2k).   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4507-q1 ge bhck4507-q2 - 2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9190        | HI-Mem4     | BHCK4507    | HI-Mem4 should not be null and should not be negative.   | bhck4507 ne null and bhck4507 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5240        | HI-Mem5     | BHCK4150    | For March, if HI-Mem5 is greater than zero, then HI-7a divided by HI-Mem5 should be in the range of \$4 - \$40 thousand.   | if (mm-q1 eq 03) and (bhck4150 gt 0) then ((bhck4135 / bhck4150) ge 4 and (bhck4135 / bhck4150) le 40)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5245        | HI-Mem5     | BHCK4150    | HI-Mem5 should be greater than zero.   | bhck4150 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5250        | HI-Mem5     | BHCK4150    | For June, September, and December, if HI-Mem5 (current) is greater than zero, and HI-7a (previous) is greater than zero, then HI-7a (current - previous) divided by HI-Mem5 (current) should be in the range of \$4 - \$40 thousand. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4150-q1 gt 0 and bhck4135-q2 gt 0) then ((bhck4135-q1 - bhck4135-q2) / bhck4150-q1) ge 4 and ((bhck4135-q1 - bhck4135-q2) / bhck4150-q1) le 40 |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9190        | HI-Mem5     | BHCK4150    | HI-Mem5 should not be null and should not be negative.   | bhck4150 ne null and bhck4150 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem6a    | BHCKC013    | HI-Mem6a should not be null.   | bhckc013 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem6b    | BHCKC014    | HI-Mem6b should not be null.   | bhckc014 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem6c    | BHCKC016    | HI-Mem6c should not be null.   | bhckc016 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem6d    | BHCK4042    | HI-Mem6d should not be null.   | bhck4042 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem6e    | BHCKC015    | HI-Mem6e should not be null.   | bhckc015 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem6f    | BHCKF229    | HI-Mem6f should not be null.   | bhckf229 ne null   |
| FRY9C  | 20091231             | 99991231           | Added       | HI       | Quality     | 9200        | HI-Mem6g    | BHCKF555    | HI-Mem6g should not be null.   | bhckf555 ne null   |
| FRY9C  | 20091231             | 99991231           | Added       | HI       | Quality     | 9200        | HI-Mem6h    | BHCKJ447    | HI-Mem6h should not be null.   | bhckj447 ne null   |
| FRY9C  | 20091231             | 99991231           | Revised     | HI       | Quality     | 5260        | HI-Mem6i    | BHCK8562    | If financial data is not equal to null or zero, then text data should not be null.   | if bhck8562 ne null and bhck8562 ne 0 then text8562 ne null  |
| FRY9C  | 20110630             | 99991231           | Revised     | HI       | Quality     | 5261        | HI-Mem6iTX  | TEXT8562    | If text data is not equal to null, then financial data should not equal null or zero.  | if text8562 ne null then bhck8562 ne null and bhck8562 ne 0  |
| FRY9C  | 20091231             | 99991231           | Revised     | HI       | Quality     | 5262        | HI-Mem6j    | BHCK8563    | If financial data is not equal to null or zero, then text data should not be null.   | if bhck8563 ne null and bhck8563 ne 0 then text8563 ne null  |
| FRY9C  | 20110630             | 99991231           | Revised     | HI       | Quality     | 5263        | HI-Mem6jTX  | TEXT8563    | If text data is not equal to null, then financial data should not equal null or zero.  | if text8563 ne null then bhck8563 ne null and bhck8563 ne 0  |
| FRY9C  | 20091231             | 99991231           | Revised     | HI       | Quality     | 5264        | HI-Mem6k    | BHCK8564    | If financial data is not equal to null or zero, then text data should not be null.   | if bhck8564 ne null and bhck8564 ne 0 then text8564 ne null  |
| FRY9C  | 20091231             | 99991231           | Revised     | HI       | Quality     | 5275        | HI-Mem6k    | BHCK8564    | Sum of HI-Mem6a through HI-Mem6k should be less than or equal to HI-5l.  | (bhckc013 + bhckc014 + bhckc016 + bhck4042 + bhckc015 + bhckf229 + bhckf555 + bhckj447 + bhck8562 + bhck8563 + bhck8564) le bhckb497   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|---|
| FRY9C  | 20110630             | 99991231           | Revised     | HI       | Intraseries | 5276        | HI-Mem6k    | BHCK8564    | For June, September, and December, if the sum of HI-Mem6a through HI-Mem6k (previous) is greater than zero, then the sum of HI-Mem6a through HI-Mem6k (current) should be greater than zero. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckc013-q2 + bhckc014-q2 + bhckc016-q2 + bhck4042-q2 + bhckc015-q2 + bhckf229-q2 + bhckf555-q2 + bhckj447-q2 + bhck8562-q2 + bhck8563-q2 + bhck8564-q2) gt 0 then ((bhckc013-q1 + bhckc014-q1 + bhckc016-q1 + bhck4042-q1 + bhckc015-q1 + bhckf229-q1 + bhckf555-q1 + bhckj447-q1 + bhck8562-q1 + bhck8563-q1 + bhck8564-q1) gt 0)   |
| FRY9C  | 20110630             | 99991231           | Revised     | HI       | Quality     | 5265        | HI-Mem6kTX  | TEXT8564    | If text data is not equal to null, then financial data should not equal null or zero.  | if text8564 ne null then bhck8564 ne null and bhck8564 ne 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem7a    | BHCKC017    | HI-Mem7a should not be null.   | bhckc017 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem7b    | BHCK0497    | HI-Mem7b should not be null.   | bhck0497 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem7c    | BHCK4136    | HI-Mem7c should not be null.   | bhck4136 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem7d    | BHCKC018    | HI-Mem7d should not be null.   | bhckc018 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem7e    | BHCK8403    | HI-Mem7e should not be null.   | bhck8403 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem7f    | BHCK4141    | HI-Mem7f should not be null.   | bhck4141 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem7g    | BHCK4146    | HI-Mem7g should not be null.   | bhck4146 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5280        | HI-Mem7l    | BHCK8565    | If financial data is not equal to null or zero, then text data should not be null.   | if bhck8565 ne null and bhck8565 ne 0 then text8565 ne null   |
| FRY9C  | 20110630             | 99991231           | Revised     | HI       | Quality     | 5281        | HI-Mem7lTX  | TEXT8565    | If text data is not equal to null, then financial data should not equal null or zero.  | if text8565 ne null then bhck8565 ne null and bhck8565 ne 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5282        | HI-Mem7m    | BHCK8566    | If financial data is not equal to null or zero, then text data should not be null.   | if bhck8566 ne null and bhck8566 ne 0 then text8566 ne null   |
| FRY9C  | 20110630             | 99991231           | Revised     | HI       | Quality     | 5283        | HI-Mem7mTX  | TEXT8566    | If text data is not equal to null, then financial data should not equal null or zero.  | if text8566 ne null then bhck8566 ne null and bhck8566 ne 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5284        | HI-Mem7n    | BHCK8567    | If financial data is not equal to null or zero, then text data should not be null.   | if bhck8567 ne null and bhck8567 ne 0 then text8567 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5295        | HI-Mem7n    | BHCK8567    | The sum of HI-Mem7a through HI-Mem7n should be less than or equal to HI-7d.  | (bhckc017 + bhck0497 + bhck4136 + bhckc018 + bhck8403 + bhck4141 + bhck4146 + bhckf556 + bhckf557 + bhckf558 + bhckf559 + bhck8565 + bhck8566 + bhck8567) le bhck4092   |
| FRY9C  | 20090331             | 99991231           | Revised     | HI       | Intraseries | 5297        | HI-Mem7n    | BHCK8567    | For June, September, and December, if the sum of HI-Mem7a through HI-Mem7n (previous) is greater than zero, then the sum of HI-Mem7a through HI-Mem7n (current) should be greater than zero. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckc017-q2 + bhck0497-q2 + bhck4136-q2 + bhckc018-q2 + bhck8403-q2 + bhck4141-q2 + bhck4146-q2 + bhckf556-q2 + bhckf557-q2 + bhckf558-q2 + bhckf559-q2 + bhck8565-q2 + bhck8566-q2 + bhck8567-q2) gt 0 then ((bhckc017-q1 + bhck0497-q1 + bhck4136-q1 + bhckc018-q1 + bhck8403-q1 + bhck4141-q1 + bhck4146-q1 + bhckf556-q1 + bhckf557-q1 + bhckf558-q1 + bhckf559-q1 + bhck8565-q1 + bhck8566-q1 + bhck8567-q1) gt 0) |
| FRY9C  | 20110630             | 99991231           | Revised     | HI       | Quality     | 5285        | HI-Mem7nTX  | TEXT8567    | If text data is not equal to null, then financial data should not equal null or zero.  | if text8567 ne null then bhck8567 ne null and bhck8567 ne 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5300        | HI-Mem8a1   | BHCK3571    | If financial data is not equal to null or zero, then text data should not be null.   | if bhck3571 ne null and bhck3571 ne 0 then text3571 ne null   |

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| FRY9C  | 20110630             | 99991231           | Revised     | HI       | Quality     | 5301        | HI-Mem8a1TX | TEXT3571    | If text data is not equal to null, then financial data should not equal null or zero.   | if text3571 ne null then bhck3571 ne null and bhck3571 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5302        | HI-Mem8b1   | BHCK3573    | If financial data is not equal to null or zero, then text data should not be null.  | if bhck3573 ne null and bhck3573 ne 0 then text3573 ne null  |
| FRY9C  | 20110630             | 99991231           | Revised     | HI       | Quality     | 5303        | HI-Mem8b1TX | TEXT3573    | If text data is not equal to null, then financial data should not equal null or zero.   | if text3573 ne null then bhck3573 ne null and bhck3573 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5304        | HI-Mem8c1   | BHCK3575    | If financial data is not equal to null or zero, then text data should not be null.  | if bhck3575 ne null and bhck3575 ne 0 then text3575 ne null  |
| FRY9C  | 20110630             | 99991231           | Revised     | HI       | Quality     | 5305        | HI-Mem8c1TX | TEXT3575    | If text data is not equal to null, then financial data should not equal null or zero.   | if text3575 ne null then bhck3575 ne null and bhck3575 ne 0  |
| FRY9C  | 20090331             | 99991231           | Revised     | HI       | Quality     | 5350        | HI-Mem8c2   | BHCK3576    | Sum of HI-Mem8a1, HI-Mem8b1, and HI-Mem8c1 minus the sum of HI-Mem8a2, HI-Mem8b2, and HI-Mem8c2 should be equal to HI-11.   | ((bhck3571 + bhck3573 + bhck3575) - (bhck3572 + bhck3574 + bhck3576)) eq bhck4320  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5372        | HI-Mem9a    | BHCK8757    | For June, September, and December, if HI-Mem9a (previous) is not equal to zero, then HI-Mem9a (current) should not equal zero.  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck8757-q2 ne 0)) then (bhck8757-q1 ne 0)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5373        | HI-Mem9b    | BHCK8758    | For June, September, and December, if HI-Mem9b (previous) is not equal to zero, then HI-Mem9b (current) should not equal zero.  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck8758-q2 ne 0)) then (bhck8758-q1 ne 0)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5375        | HI-Mem9c    | BHCK8759    | For June, September, and December, if HI-Mem9c (previous) is not equal to zero, then HI-Mem9c (current) should not equal zero.  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck8759-q2 ne 0)) then (bhck8759-q1 ne 0)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5378        | HI-Mem9d    | BHCK8760    | For June, September, and December, if HI-Mem9d (previous) is not equal to zero, then HI-Mem9d (current) should not equal zero.  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck8760-q2 ne 0)) then (bhck8760-q1 ne 0)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5371        | HI-Mem9e    | BHCKF186    | If HC-K4a (for any quarter of the preceding calendar year) is greater than or equal to \$2 million, and HI-5c(current) is not equal to zero, then the sum of HI-Mem9a through HI-Mem9e should not equal zero. | if (((mm-q1 eq 03) and (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000)) or ((mm-q1 eq 06) and (bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000 or bhck3401-q6 ge 2000)) or ((mm-q1 eq 09) and (bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000 or bhck3401-q6 ge 2000 or bhck3401-q7 ge 2000)) or ((mm-q1 eq 12) and (bhck3401-q5 ge 2000 or bhck3401-q6 ge 2000 or bhck3401-q7 ge 2000 or bhck3401-q8 ge 2000))) and (bhcka220-q1 ne 0) then (bhck8757-q1 + bhck8758-q1 + bhck8759-q1 + bhck8760-q1 + bhckf186-q1) ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5379        | HI-Mem9e    | BHCKF186    | For June, September, and December, if HI-Mem9e (previous) is not equal to zero, then HI-Mem9e (current) should not equal zero.  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckf186-q2 ne 0)) then (bhckf186-q1 ne 0)  |
| FRY9C  | 20110331             | 99991231           | Added       | HI       | Intraseries | 0424        | HI-Mem9f    | BHCKK090    | For June, September, and December, if HI-Mem9f (previous) is not equal to zero, then HI-Mem9f (current) should not equal zero.  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckk090-q2 ne 0)) then (bhckk090-q1 ne 0)  |
| FRY9C  | 20110630             | 99991231           | Revised     | HI       | Intraseries | 0430        | HI-Mem9f    | BHCKK090    | If previous year June HC-12 is greater than or equal to \$100 billion and the sum of HI-Mem9a (current) through HI-Mem9e (current) is not equal to null, then HI-Mem9f (current) should not be null.          | if (((mm-q1 eq 03 and bhck2170-q4 ge 100000000) or (mm-q1 eq 06 and bhck2170-q5 ge 100000000) or (mm-q1 eq 09 and bhck2170-q6 ge 100000000) or (mm-q1 eq 12 and bhck2170-q7 ge 100000000)) and (bhck8757-q1 + bhck8758-q1 + bhck8759-q1 + bhck8760-q1 + bhckf186-q1) ne null) then bhckk090-q1 ne null   |
| FRY9C  | 20110331             | 99991231           | Added       | HI       | Intraseries | 0425        | HI-Mem9g    | BHCKK094    | For June, September, and December, if HI-Mem9g (previous) is not equal to zero, then HI-Mem9g (current) should not equal zero.  | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckk094-q2 ne 0)) then (bhckk094-q1 ne 0)  |

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| FRY9C  | 20110630             | 99991231           | Revised     | HI       | Intraseries | 0431        | HI-Mem9g    | BHCKK094    | If previous year June HC-12 is greater than or equal to \$100 billion and the sum of HI-Mem9a (current) through HI-Mem9e (current) is not equal to null, then HI-Mem9g (current) should not be null. | if (((mm-q1 eq 03 and bhck2170-q4 ge 100000000) or (mm-q1 eq 06 and bhck2170-q5 ge 100000000) or (mm-q1 eq 09 and bhck2170-q6 ge 100000000) or (mm-q1 eq 12 and bhck2170-q7 ge 100000000)) and (bhck8757-q1 + bhck8758-q1 + bhck8759-q1 + bhck8760-q1 + bhckf186-q1) ne null) then bhckk094-q1 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem10a   | BHCKC889    | HI-Mem10a should not be null.  | bhckc889 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem10b   | BHCKC890    | HI-Mem10b should not be null.  | bhckc890 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5381        | HI-Mem11    | BHCKA251    | For June, September, and December, if HI-Mem11 (previous) is greater than zero, then HI-Mem11 (current) should be greater than zero.   | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhcka251-q2 gt 0)) then (bhcka251-q1 gt 0)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9205        | HI-Mem11    | BHCKA251    | HI-Mem11 should not be null and should not be negative.  | bhcka251 ne null and bhcka251 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5385        | HI-Mem12a   | BHCK8431    | For June, September, and December, HI-Mem12a (current) should be greater than or equal to HI-Mem12a (previous -2k).  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck8431-q1 ge bhck8431-q2 - 2)   |
| FRY9C  | 20090630             | 99991231           | Revised     | HI       | Quality     | 5387        | HI-Mem12a   | BHCK8431    | If previous year June HC-12 is greater than or equal to \$1 billion and HC-M16 is greater than \$100 thousand, then HI-Mem12a should be greater than zero.   | if ((mm-q1 eq 03 and bhck2170-q4 ge 1000000) or (mm-q1 eq 06 and bhck2170-q5 ge 1000000) or (mm-q1 eq 09 and bhck2170-q6 ge 1000000) or (mm-q1 eq 12 and bhck2170-q7 ge 1000000) and (bhckb570 gt 100)) then (bhck8431 gt 0)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5390        | HI-Mem12a   | BHCK8431    | HI-Mem12a should be less than or equal to the sum of HI-5d1, HI-5d2, HI-5d3, and HI-5d5 (+\$10k).  | bhck8431 le ((bhckc886 + bhckc888 + bhckc887 + bhckc387) + 10)   |
| FRY9C  | 20090630             | 99991231           | Added       | HI       | Intraseries | 9205        | HI-Mem12a   | BHCK8431    | If previous year June HC-12 is greater than or equal to \$1 billion, then HI-Mem12a should not be null and should not be negative.   | if (mm-q1 eq 03 and bhck2170-q4 ge 1000000) or (mm-q1 eq 06 and bhck2170-q5 ge 1000000) or (mm-q1 eq 09 and bhck2170-q6 ge 1000000) or (mm-q1 eq 12 and bhck2170-q7 ge 1000000) then bhck8431 ne null and bhck8431 ge 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HI       | Quality     | 9205        | HI-Mem12b1  | BHCKC242    | HI-Mem12b1 should not be null and should not be negative.  | bhckc242 ne null and bhckc242 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5395        | HI-Mem12b2  | BHCKC243    | For June, September, and December, the sum of HI-Mem12b1 and HI-Mem12b2 (current) should be greater than or equal to the sum of HI-Mem12b1 and HI-Mem12b2 (previous).                                | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc242-q1 + bhckc243-q1) ge (bhckc242-q2 + bhckc243-q2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5399        | HI-Mem12b2  | BHCKC243    | If HI-Mem12c is greater than zero, then the sum of HI-Mem12b1 and HI-Mem12b2 should be greater than zero.  | if bhckb983 gt 0 then (bhckc242 + bhckc243) gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality     | 6170        | HI-Mem12b2  | BHCKC243    | If HC-I(II)2 is greater than zero, then HI-Mem12b2 should be greater than zero.  | if (bhckb992 gt 0) then bhckc243 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality     | 6172        | HI-Mem12b2  | BHCKC243    | If HC-I(II)5 is greater than zero, then HI-Mem12b2 should be greater than zero.  | if (bhckb996 gt 0) then bhckc243 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality     | 6175        | HI-Mem12b2  | BHCKC243    | If the sum of HC-I(II)2, HC-I(II)5, HC-I(II)6, HC-I(II)3, HC-I(II)6, HC-I(II)7, and HC-M21 is greater than zero, then the sum of HI-Mem12b1 and HI-Mem12b2 should be greater than zero.              | if (bhckc244 + bhckc245 + bhckc246 + bhckc248 + bhckc249 + bhckc250 + bhckc253) gt 0 then (bhckc242 + bhckc243) gt 0   |
| FRY9C  | 20090630             | 99991231           | Added       | HI       | Quality     | 9205        | HI-Mem12b2  | BHCKC243    | HI-Mem12b2 should not be null and should not be negative.  | bhckc243 ne null and bhckc243 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality     | 6176        | HI-Mem12c   | BHCKB983    | If the sum of HI-5d4, HI-Mem12b1, HI-Mem12b2, HC-I(II)2, HC-I(II)5, HC-I(II)6, HC-I(II)3, HC-I(II)6 and HC-I(II)7 is greater than \$1M, then HI-Mem12c should be greater than zero.                  | if (bhckc386 + bhckc242 + bhckc243 + bhckc244 + bhckc245 + bhckc246 + bhckc248 + bhckc249 + bhckc250) gt 1000 then bhckb983 gt 0   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|--|
| FRY9C  | 20090630             | 99991231           | Added       | HI       | Quality     | 9205        | HI-Mem12c   | BHCKB983    | HI-Mem12c should not be null and should not be negative.   | bhckb983 ne null and bhckb983 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5400        | HI-Mem13    | BHCKA530    | HI-Mem13 (current) should equal HI-Mem13 (previous).   | (bhcka530-q1) eq (bhcka530-q2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5403        | HI-Mem13    | BHCKA530    | If HC-F2 is greater than \$500k, then HI-Mem13 should equal "0" (no).  | if bhck2148 gt 500 then bhcka530 eq 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9205        | HI-Mem13    | BHCKA530    | HI-Mem13 should not be null and should not be negative.  | bhcka530 ne null and bhcka530 ge 0   |
| FRY9C  | 20090331             | 99991231           | Revised     | HI       | Quality     | 0215        | HI-Mem14a   | BHCKF551    | If HI-Mem14a1 is not equal to zero, then HI-Mem14a should not be equal to zero.  | if bhckf552 ne 0 then bhckf551 ne 0  |
| FRY9C  | 20090630             | 99991231           | Revised     | HI       | Quality     | 0217        | HI-Mem14a   | BHCKF551    | If HI-Mem14a is not equal to null, then the absolute value of HI-Mem14a should be less than or equal to the sum of HI-1h, HI-5c, HI-5f, and HI-5l. | if bhckf551 ne null then bhckf551 le (bhck4107 + bhcka220 + bhckb492 + bhckb497) or ((bhckf551 * -1) le (bhck4107 + bhcka220 + bhckb492 + bhckb497)) |
| FRY9C  | 20090331             | 99991231           | Revised     | HI       | Intraseries | 0218        | HI-Mem14a   | BHCKF551    | For June, September, and December, if HI-Mem14a (previous) is not equal to zero, then the HI-Mem14a (current) should not be equal to zero.         | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and bhckf551-q2 ne 0) then bhckf551-q1 ne 0  |
| FRY9C  | 20090331             | 99991231           | Revised     | HI       | Quality     | 0216        | HI-Mem14b   | BHCKF553    | If HI-Mem14b1 is not equal to zero, then HI-Mem14b should not be equal to zero.  | if bhckf554 ne 0 then bhckf553 ne 0  |
| FRY9C  | 20090630             | 99991231           | Revised     | HI       | Quality     | 0225        | HI-Mem14b   | BHCKF553    | If HI-Mem14b is not equal to null, then the absolute value of HI-Mem14b should be less than or equal to the sum of HI-2e, HI-5c, HI-5f, and HI-5l. | if bhckf553 ne null then bhckf553 le (bhck4398 + bhcka220 + bhckb492 + bhckb497) or ((bhckf553 * -1) le (bhck4398 + bhcka220 + bhckb492 + bhckb497)) |
| FRY9C  | 20090331             | 99991231           | Revised     | HI       | Intraseries | 0226        | HI-Mem14b   | BHCKF553    | For June, September, and December, if HI-Mem14b (previous) is not equal to zero, then the HI-Mem14b (current) should not be equal to zero.         | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and bhckf553-q2 ne 0) then bhckf553-q1 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5420        | HI-Mem15    | BHCKC409    | HI-Mem15 should be less than or equal to the sum of HC-24 and HC-25.   | bhckc409 le (bhck3230 + bhck3240)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Intraseries | 5421        | HI-Mem15    | BHCKC409    | If HI-Mem15 (previous) is greater than zero, the HI-Mem15 (current) should be greater than zero.   | if bhckc409-q2 gt 0 then bhckc409-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9205        | HI-Mem15    | BHCKC409    | HI-Mem15 should not be null and should not be negative.  | bhckc409 ne null and bhckc409 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 5425        | HI-Mem16    | BHCKF228    | If the sum of HC-CM6b and HC-CM6c is greater than zero, then HI-Mem16 should not be null.  | if (bhckf231 + bhckf232 gt 0) then bhckf228 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI       | Quality     | 9206        | HI-Mem16    | BHCKF228    | HI-Mem16 should not be negative.   | bhckf228 ge 0 or bhckf228 eq null  |
| FRY9C  | 20111231             | 99991231           | Added       | HI       | Quality     | 9206        | HI-Mem17a   | BHCKJ319    | HI-Mem17a should not be negative.  | bhckj319 ge 0 or bhckj319 eq null  |
| FRY9C  | 20111231             | 99991231           | Added       | HI       | Quality     | 9206        | HI-Mem17b   | BHCKJ320    | HI-Mem17b should not be negative.  | bhckj320 ge 0 or bhckj320 eq null  |
| FRY9C  | 20111231             | 99991231           | Added       | HI       | Quality     | 9206        | HI-Mem17c   | BHCKJ321    | HI-Mem17c should not be negative.  | bhckj321 ge 0 or bhckj321 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality     | 9210        | HI-A1       | BHCK3217    | HI-A1 should not be null.  | bhck3217 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Intraseries | 5455        | HI-A2       | BHCKB507    | For June, September, and December, if HI-A2 (previous) is not equal to zero, then HI-A2 (current) should not equal zero.                           | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb507-q2 ne 0) then (bhckb507-q1 ne 0)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality     | 9210        | HI-A2       | BHCKB507    | HI-A2 should not be null.  | bhckb507 ne null   |

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| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Intraseres | 5450        | HI-A3       | BHCKB508    | If HI-A15 (previous December) is greater than zero, and HI-A9 (current) equals zero, then HI-A1 (current) or HI-A3(current) should equal HI-A15(previous December).  | if (mm-q1 eq 03 and bhct3210-q2 gt 0 and bhck4356-q1 eq 0) then (bhck3217-q1 or bhckb508-q1) eq bhct3210-q2 or if (mm-q1 eq 06 and bhct3210-q3 gt 0 and bhck4356-q1 eq 0) then (bhck3217-q1 or bhckb508-q1) eq bhct3210-q3 or if (mm-q1 eq 09 and bhct3210-q4 gt 0 and bhck4356-q1 eq 0) then (bhck3217-q1 or bhckb508-q1) eq bhct3210-q4 or if (mm-q1 eq 12 and bhct3210-q5 gt 0 and bhck4356-q1 eq 0) then (bhck3217-q1 or bhckb508-q1) eq bhct3210-q5 |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality    | 9210        | HI-A3       | BHCKB508    | HI-A3 should not be null.  | bhckb508 ne null   |
| FRY9C  | 20090331             | 99991231           | No Change   | HI-A     | Quality    | 9210        | HI-A4       | BHCT4340    | HI-A4 should not be null.  | bhct4340 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Intraseres | 5470        | HI-A5a      | BHCK3577    | For June, September, and December, if HI-A5a, HI-A5b, HI-A6a, or HI-A6b (previous) is not equal to zero, then HI-A5a, HI-A5b, HI-A6a, or HI-A6b (current) should not equal zero.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck3577-q2 ne 0 or bhck3578-q2 ne 0 or bhck3579-q2 ne 0 or bhck3580-q2 ne 0) then (bhck3577-q1 ne 0 or bhck3578-q1 ne 0 or bhck3579-q1 ne 0 or bhck3580-q1 ne 0)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Intraseres | 5510        | HI-A5a      | BHCK3577    | For June, September, and December, if HI-A9 (previous) is equal to HI-A9 (current), then the current period should be greater than or equal to the previous period (-2k) for HI-A5a, HI-A6a, HI-A7, HI-A8, HI-A10, and HI-A11. | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q2 eq bhck4356-q1)) then (bhck3577-q1 ge bhck3577-q2 - 2) and (bhck3579-q1 ge bhck3579-q2 - 2) and (bhck4782-q1 ge bhck4782-q2 - 2) and (bhck4783-q1 ge bhck4783-q2 - 2) and (bhck4598-q1 ge bhck4598-q2 - 2) and (bhck4460-q1 ge bhck4460-q2 - 2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality    | 9210        | HI-A5a      | BHCK3577    | HI-A5a should not be null.   | bhck3577 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality    | 5465        | HI-A5b      | BHCK3578    | Sum of HI-A5a and HI-A5b should be less than or equal to HC-23.  | (bhck3577 + bhck3578) le bhck3283  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Intraseres | 5470        | HI-A5b      | BHCK3578    | For June, September, and December, if HI-A5a, HI-A5b, HI-A6a, or HI-A6b (previous) is not equal to zero, then HI-A5a, HI-A5b, HI-A6a, or HI-A6b (current) should not equal zero.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck3577-q2 ne 0 or bhck3578-q2 ne 0 or bhck3579-q2 ne 0 or bhck3580-q2 ne 0) then (bhck3577-q1 ne 0 or bhck3578-q1 ne 0 or bhck3579-q1 ne 0 or bhck3580-q1 ne 0)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality    | 9210        | HI-A5b      | BHCK3578    | HI-A5b should not be null.   | bhck3578 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Intraseres | 5470        | HI-A6a      | BHCK3579    | For June, September, and December, if HI-A5a, HI-A5b, HI-A6a, or HI-A6b (previous) is not equal to zero, then HI-A5a, HI-A5b, HI-A6a, or HI-A6b (current) should not equal zero.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck3577-q2 ne 0 or bhck3578-q2 ne 0 or bhck3579-q2 ne 0 or bhck3580-q2 ne 0) then (bhck3577-q1 ne 0 or bhck3578-q1 ne 0 or bhck3579-q1 ne 0 or bhck3580-q1 ne 0)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Intraseres | 5510        | HI-A6a      | BHCK3579    | For June, September, and December, if HI-A9 (previous) is equal to HI-A9 (current), then the current period should be greater than or equal to the previous period (-2k) for HI-A5a, HI-A6a, HI-A7, HI-A8, HI-A10, and HI-A11. | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q2 eq bhck4356-q1)) then (bhck3577-q1 ge bhck3577-q2 - 2) and (bhck3579-q1 ge bhck3579-q2 - 2) and (bhck4782-q1 ge bhck4782-q2 - 2) and (bhck4783-q1 ge bhck4783-q2 - 2) and (bhck4598-q1 ge bhck4598-q2 - 2) and (bhck4460-q1 ge bhck4460-q2 - 2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality    | 9210        | HI-A6a      | BHCK3579    | HI-A6a should not be null.   | bhck3579 ne null   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Intraseries | 5470        | HI-A6b      | BHCK3580    | For June, September, and December, if HI-A5a, HI-A5b, HI-A6a, or HI-A6b (previous) is not equal to zero, then HI-A5a, HI-A5b, HI-A6a, or HI-A6b (current) should not equal zero.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck3577-q2 ne 0 or bhck3578-q2 ne 0 or bhck3579-q2 ne 0 or bhck3580-q2 ne 0) then (bhck3577-q1 ne 0 or bhck3578-q1 ne 0 or bhck3579-q1 ne 0 or bhck3580-q1 ne 0)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality     | 5475        | HI-A6b      | BHCK3580    | Sum of HI-A6a and HI-A6b should be less than or equal to the sum of HC-24 and HC-25.   | (bhck3579 + bhck3580) le (bhck3230 + bhck3240)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality     | 9210        | HI-A6b      | BHCK3580    | HI-A6b should not be null.   | bhck3580 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Intraseries | 5510        | HI-A7       | BHCK4782    | For June, September, and December, if HI-A9 (previous) is equal to HI-A9 (current), then the current period should be greater than or equal to the previous period (-2k) for HI-A5a, HI-A6a, HI-A7, HI-A8, HI-A10, and HI-A11. | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q2 eq bhck4356-q1)) then (bhck3577-q1 ge bhck3577-q2 - 2) and (bhck3579-q1 ge bhck3579-q2 - 2) and (bhck4782-q1 ge bhck4782-q2 - 2) and (bhck4783-q1 ge bhck4783-q2 - 2) and (bhck4598-q1 ge bhck4598-q2 - 2) and (bhck4460-q1 ge bhck4460-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality     | 9220        | HI-A7       | BHCK4782    | HI-A7 should not be null and should not be negative.   | bhck4782 ne null and bhck4782 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Intraseries | 5480        | HI-A8       | BHCK4783    | For June, September, and December, if the sum of HI-A7 and HI-A8 (previous) is not equal to zero, then the sum of HI-A7 and HI-A8 (current) should not be equal to zero.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and ((bhck4782-q2 + bhck4783-q2) ne 0) then ((bhck4782-q1 + bhck4783-q1) ne 0)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Intraseries | 5510        | HI-A8       | BHCK4783    | For June, September, and December, if HI-A9 (previous) is equal to HI-A9 (current), then the current period should be greater than or equal to the previous period (-2k) for HI-A5a, HI-A6a, HI-A7, HI-A8, HI-A10, and HI-A11. | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q2 eq bhck4356-q1)) then (bhck3577-q1 ge bhck3577-q2 - 2) and (bhck3579-q1 ge bhck3579-q2 - 2) and (bhck4782-q1 ge bhck4782-q2 - 2) and (bhck4783-q1 ge bhck4783-q2 - 2) and (bhck4598-q1 ge bhck4598-q2 - 2) and (bhck4460-q1 ge bhck4460-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality     | 9220        | HI-A8       | BHCK4783    | HI-A8 should not be null and should not be negative.   | bhck4783 ne null and bhck4783 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Intraseries | 5485        | HI-A9       | BHCK4356    | For June, September, and December, if HI-A9 (previous) is not equal to zero, then HI-A9 (current) should not be equal to zero.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q2 ne 0) then (bhck4356-q1 ne 0)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality     | 9230        | HI-A9       | BHCK4356    | HI-A9 should not be null.  | bhck4356 ne null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Intraseries | 5510        | HI-A10      | BHCK4598    | For June, September, and December, if HI-A9 (previous) is equal to HI-A9 (current), then the current period should be greater than or equal to the previous period (-2k) for HI-A5a, HI-A6a, HI-A7, HI-A8, HI-A10, and HI-A11. | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q2 eq bhck4356-q1)) then (bhck3577-q1 ge bhck3577-q2 - 2) and (bhck3579-q1 ge bhck3579-q2 - 2) and (bhck4782-q1 ge bhck4782-q2 - 2) and (bhck4783-q1 ge bhck4783-q2 - 2) and (bhck4598-q1 ge bhck4598-q2 - 2) and (bhck4460-q1 ge bhck4460-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality     | 9240        | HI-A10      | BHCK4598    | HI-A10 should not be null and should not be negative.  | bhck4598 ne null and bhck4598 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Intraseries | 5510        | HI-A11      | BHCK4460    | For June, September, and December, if HI-A9 (previous) is equal to HI-A9 (current), then the current period should be greater than or equal to the previous period (-2k) for HI-A5a, HI-A6a, HI-A7, HI-A8, HI-A10, and HI-A11. | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q2 eq bhck4356-q1)) then (bhck3577-q1 ge bhck3577-q2 - 2) and (bhck3579-q1 ge bhck3579-q2 - 2) and (bhck4782-q1 ge bhck4782-q2 - 2) and (bhck4783-q1 ge bhck4783-q2 - 2) and (bhck4598-q1 ge bhck4598-q2 - 2) and (bhck4460-q1 ge bhck4460-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality     | 9240        | HI-A11      | BHCK4460    | HI-A11 should not be null and should not be negative.  | bhck4460 ne null and bhck4460 ge 0   |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item  | MDRM Number | Edit Test   | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|--------------|-------------|---|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Intraseries | 5530        | HI-A12       | BHCKB511    | For June, September, and December, if HI-A12 (previous) is not equal to zero, then HI-A12 (current) should not be equal to zero.            | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb511-q2 ne 0) then (bhckb511-q1 ne 0) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality     | 9250        | HI-A12       | BHCKB511    | HI-A12 should not be null.  | bhckb511 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality     | 9250        | HI-A13       | BHCK4591    | HI-A13 should not be null.  | bhck4591 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality     | 9250        | HI-A14       | BHCK3581    | HI-A14 should not be null.  | bhck3581 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-A     | Quality     | 9250        | HI-A15       | BHCT3210    | HI-A15 should not be null.  | bhct3210 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0001        | HI-B(I)1a1A  | BHCKC891    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1a1A.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc891-q1 ge bhckc891-q2 - 2)          |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1a1A  | BHCKC891    | HI-B(I)1a1A should not be null and should not be negative.  | bhckc891 ne null and bhckc891 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0002        | HI-B(I)1a1B  | BHCKC892    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1a1B.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc892-q1 ge bhckc892-q2 - 2)          |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1a1B  | BHCKC892    | HI-B(I)1a1B should not be null and should not be negative.  | bhckc892 ne null and bhckc892 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0046        | HI-B(I)1a2A  | BHCKC893    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1a2A.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc893-q1 ge bhckc893-q2 - 2)          |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1a2A  | BHCKC893    | HI-B(I)1a2A should not be null and should not be negative.  | bhckc893 ne null and bhckc893 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0047        | HI-B(I)1a2B  | BHCKC894    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1a2B.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc894-q1 ge bhckc894-q2 - 2)          |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1a2B  | BHCKC894    | HI-B(I)1a2B should not be null and should not be negative.  | bhckc894 ne null and bhckc894 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0003        | HI-B(I)1bA   | BHCK3584    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1bA.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck3584-q1 ge bhck3584-q2 - 2)          |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1bA   | BHCK3584    | HI-B(I)1bA should not be null and should not be negative.   | bhck3584 ne null and bhck3584 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0004        | HI-B(I)1bB   | BHCK3585    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1bB.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck3585-q1 ge bhck3585-q2 - 2)          |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1bB   | BHCK3585    | HI-B(I)1bB should not be null and should not be negative.   | bhck3585 ne null and bhck3585 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0005        | HI-B(I)1c1A  | BHCK5411    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1c1A.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck5411-q1 ge bhck5411-q2 - 2)          |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1c1A  | BHCK5411    | HI-B(I)1c1A should not be null and should not be negative.  | bhck5411 ne null and bhck5411 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0006        | HI-B(I)1c1B  | BHCK5412    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1c1B.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck5412-q1 ge bhck5412-q2 - 2)          |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1c1B  | BHCK5412    | HI-B(I)1c1B should not be null and should not be negative.  | bhck5412 ne null and bhck5412 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0007        | HI-B(I)1c2aA | BHCKC234    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1c2aA. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc234-q1 ge bhckc234-q2 - 2)          |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|--------------|-------------|---|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1c2aA | BHCKC234    | HI-B(I)1c2aA should not be null and should not be negative.   | bhckc234 ne null and bhckc234 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0008        | HI-B(I)1c2aB | BHCKC217    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1c2aB. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc217-q1 ge bhckc217-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1c2aB | BHCKC217    | HI-B(I)1c2aB should not be null and should not be negative.   | bhckc217 ne null and bhckc217 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0009        | HI-B(I)1c2bA | BHCKC235    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1c2bA. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc235-q1 ge bhckc235-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1c2bA | BHCKC235    | HI-B(I)1c2bA should not be null and should not be negative.   | bhckc235 ne null and bhckc235 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0010        | HI-B(I)1c2bB | BHCKC218    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1c2bB. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc218-q1 ge bhckc218-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1c2bB | BHCKC218    | HI-B(I)1c2bB should not be null and should not be negative.   | bhckc218 ne null and bhckc218 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0011        | HI-B(I)1dA   | BHCK3588    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1dA.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck3588-q1 ge bhck3588-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1dA   | BHCK3588    | HI-B(I)1dA should not be null and should not be negative.   | bhck3588 ne null and bhck3588 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0012        | HI-B(I)1dB   | BHCK3589    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1dB.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck3589-q1 ge bhck3589-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1dB   | BHCK3589    | HI-B(I)1dB should not be null and should not be negative.   | bhck3589 ne null and bhck3589 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0013        | HI-B(I)1e1A  | BHCKC895    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1e1A.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc895-q1 ge bhckc895-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1e1A  | BHCKC895    | HI-B(I)1e1A should not be null and should not be negative.  | bhckc895 ne null and bhckc895 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0014        | HI-B(I)1e1B  | BHCKC896    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1e1B.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc896-q1 ge bhckc896-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1e1B  | BHCKC896    | HI-B(I)1e1B should not be null and should not be negative.  | bhckc896 ne null and bhckc896 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0050        | HI-B(I)1e2A  | BHCKC897    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1e2A.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc897-q1 ge bhckc897-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1e2A  | BHCKC897    | HI-B(I)1e2A should not be null and should not be negative.  | bhckc897 ne null and bhckc897 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0051        | HI-B(I)1e2B  | BHCKC898    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1e2B.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc898-q1 ge bhckc898-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1e2B  | BHCKC898    | HI-B(I)1e2B should not be null and should not be negative.  | bhckc898 ne null and bhckc898 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0015        | HI-B(I)1fA   | BHCKB512    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1fA.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckb512-q1 ge bhckb512-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1fA   | BHCKB512    | HI-B(I)1fA should not be null and should not be negative.   | bhckb512 ne null and bhckb512 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0016        | HI-B(I)1fB   | BHCKB513    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)1fB.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckb513-q1 ge bhckb513-q2 - 2) |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)1fB  | BHCKB513    | HI-B(I)1fB should not be null and should not be negative.   | bhckb513 ne null and bhckb513 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0017        | HI-B(I)2aA  | BHCK4653    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)2aA. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4653-q1 ge bhck4653-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)2aA  | BHCK4653    | HI-B(I)2aA should not be null and should not be negative.   | bhck4653 ne null and bhck4653 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0018        | HI-B(I)2aB  | BHCK4663    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)2aB. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4663-q1 ge bhck4663-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)2aB  | BHCK4663    | HI-B(I)2aB should not be null and should not be negative.   | bhck4663 ne null and bhck4663 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0019        | HI-B(I)2bA  | BHCK4654    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)2bA. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4654-q1 ge bhck4654-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)2bA  | BHCK4654    | HI-B(I)2bA should not be null and should not be negative.   | bhck4654 ne null and bhck4654 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0020        | HI-B(I)2bB  | BHCK4664    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)2bB. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4664-q1 ge bhck4664-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)2bB  | BHCK4664    | HI-B(I)2bB should not be null and should not be negative.   | bhck4664 ne null and bhck4664 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0021        | HI-B(I)3A   | BHCK4655    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)3A.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4655-q1 ge bhck4655-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)3A   | BHCK4655    | HI-B(I)3A should not be null and should not be negative.  | bhck4655 ne null and bhck4655 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0022        | HI-B(I)3B   | BHCK4665    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)3B.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4665-q1 ge bhck4665-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)3B   | BHCK4665    | HI-B(I)3B should not be null and should not be negative.  | bhck4665 ne null and bhck4665 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0023        | HI-B(I)4aA  | BHCK4645    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)4aA. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4645-q1 ge bhck4645-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)4aA  | BHCK4645    | HI-B(I)4aA should not be null and should not be negative.   | bhck4645 ne null and bhck4645 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0024        | HI-B(I)4aB  | BHCK4617    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)4aB. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4617-q1 ge bhck4617-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)4aB  | BHCK4617    | HI-B(I)4aB should not be null and should not be negative.   | bhck4617 ne null and bhck4617 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0025        | HI-B(I)4bA  | BHCK4646    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)4bA. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4646-q1 ge bhck4646-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)4bA  | BHCK4646    | HI-B(I)4bA should not be null and should not be negative.   | bhck4646 ne null and bhck4646 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0026        | HI-B(I)4bB  | BHCK4618    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)4bB. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4618-q1 ge bhck4618-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)4bB  | BHCK4618    | HI-B(I)4bB should not be null and should not be negative.   | bhck4618 ne null and bhck4618 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0027        | HI-B(I)5aA  | BHCKB514    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)5aA. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckb514-q1 ge bhckb514-q2 - 2) |

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| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)5aA  | BHCKB514    | HI-B(I)5aA should not be null and should not be negative.   | bhckb514 ne null and bhckb514 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0028        | HI-B(I)5aB  | BHCKB515    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)5aB. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckb515-q1 ge bhckb515-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)5aB  | BHCKB515    | HI-B(I)5aB should not be null and should not be negative.   | bhckb515 ne null and bhckb515 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HI-B     | Intraseries | 0029        | HI-B(I)5bA  | BHCKK129    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)5bA. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckk129-q1 ge bhckk129-q2 - 2) |
| FRY9C  | 20110331             | 99991231           | Revised     | HI-B     | Quality     | 9260        | HI-B(I)5bA  | BHCKK129    | HI-B(I)5bA should not be null and should not be negative.   | bhckk129 ne null and bhckk129 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HI-B     | Intraseries | 0030        | HI-B(I)5bB  | BHCKK133    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)5bB. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckk133-q1 ge bhckk133-q2 - 2) |
| FRY9C  | 20110331             | 99991231           | Revised     | HI-B     | Quality     | 9260        | HI-B(I)5bB  | BHCKK133    | HI-B(I)5bB should not be null and should not be negative.   | bhckk133 ne null and bhckk133 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HI-B     | Intraseries | 0398        | HI-B(I)5cA  | BHCKK205    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)5cA. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckk205-q1 ge bhckk205-q2 - 2) |
| FRY9C  | 20110331             | 99991231           | Added       | HI-B     | Quality     | 9260        | HI-B(I)5cA  | BHCKK205    | HI-B(I)5cA should not be null and should not be negative.   | bhckk205 ne null and bhckk205 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HI-B     | Intraseries | 0399        | HI-B(I)5cB  | BHCKK206    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)5cB. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckk206-q1 ge bhckk206-q2 - 2) |
| FRY9C  | 20110331             | 99991231           | Added       | HI-B     | Quality     | 9260        | HI-B(I)5cB  | BHCKK206    | HI-B(I)5cB should not be null and should not be negative.   | bhckk206 ne null and bhckk206 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0031        | HI-B(I)6A   | BHCK4643    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)6A.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4643-q1 ge bhck4643-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)6A   | BHCK4643    | HI-B(I)6A should not be null and should not be negative.  | bhck4643 ne null and bhck4643 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0032        | HI-B(I)6B   | BHCK4627    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)6B.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4627-q1 ge bhck4627-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)6B   | BHCK4627    | HI-B(I)6B should not be null and should not be negative.  | bhck4627 ne null and bhck4627 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0033        | HI-B(I)7A   | BHCK4644    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)7A.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4644-q1 ge bhck4644-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)7A   | BHCK4644    | HI-B(I)7A should not be null and should not be negative.  | bhck4644 ne null and bhck4644 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0034        | HI-B(I)7B   | BHCK4628    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)7B.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4628-q1 ge bhck4628-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)7B   | BHCK4628    | HI-B(I)7B should not be null and should not be negative.  | bhck4628 ne null and bhck4628 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0035        | HI-B(I)8aA  | BHCKF185    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)8aA. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckf185-q1 ge bhckf185-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)8aA  | BHCKF185    | HI-B(I)8aA should not be null and should not be negative.   | bhckf185 ne null and bhckf185 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0036        | HI-B(I)8aB  | BHCKF187    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)8aB. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckf187-q1 ge bhckf187-q2 - 2) |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|--------------|-------------|--|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)8aB   | BHCKF187    | HI-B(I)8aB should not be null and should not be negative.  | bhckf187 ne null and bhckf187 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0037        | HI-B(I)8bA   | BHCKC880    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)8bA.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc880-q1 ge bhckc880-q2 - 2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)8bA   | BHCKC880    | HI-B(I)8bA should not be null and should not be negative.  | bhckc880 ne null and bhckc880 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0038        | HI-B(I)8bB   | BHCKF188    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)8bB.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckf188-q1 ge bhckf188-q2 - 2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)8bB   | BHCKF188    | HI-B(I)8bB should not be null and should not be negative.  | bhckf188 ne null and bhckf188 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)9A    | BHCK4635    | HI-B(I)9A should not be null and should not be negative.   | bhck4635 ne null and bhck4635 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)9B    | BHCK4605    | HI-B(I)9B should not be null and should not be negative.   | bhck4605 ne null and bhck4605 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0039        | HI-B(I)Mem1A | BHCK5409    | For June, September and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)Mem1A. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck5409-q1 ge bhck5409-q2 - 2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)Mem1A | BHCK5409    | HI-B(I)Mem1A should not be null and should not be negative.  | bhck5409 ne null and bhck5409 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0040        | HI-B(I)Mem1B | BHCK5410    | For June, September and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)Mem1B. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck5410-q1 ge bhck5410-q2 - 2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)Mem1B | BHCK5410    | HI-B(I)Mem1B should not be null and should not be negative.  | bhck5410 ne null and bhck5410 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0041        | HI-B(I)Mem2A | BHCK4652    | For June, September and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)Mem2A. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4652-q1 ge bhck4652-q2 - 2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)Mem2A | BHCK4652    | HI-B(I)Mem2A should not be null and should not be negative.  | bhck4652 ne null and bhck4652 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0042        | HI-B(I)Mem2B | BHCK4662    | For June, September and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)Mem2B. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4662-q1 ge bhck4662-q2 - 2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9260        | HI-B(I)Mem2B | BHCK4662    | HI-B(I)Mem2B should not be null and should not be negative.  | bhck4662 ne null and bhck4662 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 0043        | HI-B(I)Mem3  | BHCKC388    | For June, September and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B(I)Mem3.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc388-q1 ge bhckc388-q2 - 2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9270        | HI-B(I)Mem3  | BHCKC388    | HI-B(I)Mem3 should not be negative.  | bhckc388 ge 0 or bhckc388 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 5550        | HI-B(II)1    | BHCKB522    | If HI-B(II)7 (previous December) is greater than zero, then HI-B(II)1 (current) should equal HI-B(II)7 (previous December).                | if (mm-q1 eq 03 and bhct3123-q2 gt 0) then (bhckb522-q1 eq bhct3123-q2) or if (mm-q1 eq 06 and bhct3123-q3 gt 0) then (bhckb522-q1 eq bhct3123-q3) or if (mm-q1 eq 09 and bhct3123-q4 gt 0) then (bhckb522-q1 eq bhct3123-q4) or if (mm-q1 eq 12 and bhct3123-q5 gt 0) then (bhckb522-q1 eq bhct3123-q5) |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9280        | HI-B(II)1    | BHCKB522    | HI-B(II)1 should not be null and should not be negative.   | bhckb522 ne null and bhckb522 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9280        | HI-B(II)2    | BHCT4605    | HI-B(II)2 should not be null and should not be negative.   | bhct4605 ne null and bhct4605 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9280        | HI-B(II)3    | BHCKC079    | HI-B(II)3 should not be null and should not be negative.   | bhckc079 ne null and bhckc079 ge 0   |

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| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9280        | HI-B(II)4    | BHCK5523    | HI-B(II)4 should not be null and should not be negative.  | bhck5523 ne null and bhck5523 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9290        | HI-B(II)5    | BHCT4230    | HI-B(II)5 should not be null.   | bhct4230 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9290        | HI-B(II)6    | BHCKC233    | HI-B(II)6 should not be null.   | bhckc233 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9300        | HI-B(II)7    | BHCT3123    | HI-B(II)7 should not be null and should not be negative.  | bhct3123 ne null and bhct3123 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Intraseries | 5560        | HI-B(II)Mem1 | BHCKC435    | If HI-B(II)Mem1 (previous) is greater than zero, then HI-B(II)Mem1 (current) should be greater than zero.   | if bhckc435-q2 gt 0 then bhckc435-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9300        | HI-B(II)Mem1 | BHCKC435    | HI-B(II)Mem1 should not be null and should not be negative.   | bhckc435 ne null and bhckc435 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9310        | HI-B(II)Mem2 | BHCKC389    | HI-B(II)Mem2 should not be negative.  | bhckc389 ge 0 or bhckc389 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 5565        | HI-B(II)Mem3 | BHCKC390    | Sum of HI-B(II)Mem1 and HI-B(II)Mem3 should be less than or equal to HI-B(II)7.   | (bhckc435 + bhckc390) le bhct3123   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 5569        | HI-B(II)Mem3 | BHCKC390    | If the sum of (HC-C6aA, HC-S1C, and HC-S6aC) is greater than \$500 million or [the sum of (HC-C6aA and HC-S1C) divided by the sum of (HC-C12A and HC-S1C) is greater than 50% and the sum of (HC-C12A and HC-S1C) divided by the sum of (HC-12 and HC-S1C) is greater than 50%], then the sum of HI-B(II)Mem3, HI-B(II)Mem2 and HI-B(II)Mem3 should be greater than zero. | if ((bhckb538 + bhckb707+bhckb762) gt 500000) or (((bhckb538 + bhckb707) / (bhck2122 + bhckb707)) * 100 gt 50) and ((bhck2122 + bhckb707) / (bhck2170 + bhckb707)) * 100 gt 50)) then (bhckc388 + bhckc389 + bhckc390) gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9310        | HI-B(II)Mem3 | BHCKC390    | HI-B(II)Mem3 should not be negative.  | bhckc390 ge 0 or bhckc390 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 5570        | HI-B(II)Mem4 | BHCKC781    | If HI-B(II)Mem4 is not equal to zero, then the sum of HC-CM5a and HC-CM5b should not equal zero.  | if bhckc781 ne 0 then (bhckc779 + bhckc780) ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 5571        | HI-B(II)Mem4 | BHCKC781    | HI-B(II)Mem4 should be less than or equal to HI-B(II)7.   | bhckc781 le bhct3123  |
| FRY9C  | 20080331             | 99991231           | No Change   | HI-B     | Quality     | 9320        | HI-B(II)Mem4 | BHCKC781    | HI-B(II)Mem4 should not be null and should not be negative.   | bhckc781 ne null and bhckc781 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P    | Quality     | 9330        | NIS-P1       | BHBC4107    | NIS-P1 should not be negative.  | bhbc4107 ge 0 or bhbc4107 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P    | Quality     | 9330        | NIS-P1a      | BHBC4094    | NIS-P1a should not be negative.   | bhbc4094 ge 0 or bhbc4094 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P    | Quality     | 5574        | NIS-P1b      | BHBC4218    | Sum of NIS-P1a and NIS-P1b should be less than or equal to NIS-P1.  | (bhbc4094 + bhbc4218) le bhbc4107   |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P    | Quality     | 9330        | NIS-P1b      | BHBC4218    | NIS-P1b should not be negative.   | bhbc4218 ge 0 or bhbc4218 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P    | Quality     | 9330        | NIS-P2       | BHBC4073    | NIS-P2 should not be negative.  | bhbc4073 ge 0 or bhbc4073 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P    | Quality     | 5579        | NIS-P2a      | BHBC4421    | NIS-P2a should be less than or equal to NIS-P2.   | bhbc4421 le bhbc4073  |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P    | Quality     | 9330        | NIS-P2a      | BHBC4421    | NIS-P2a should not be negative.   | bhbc4421 ge 0 or bhbc4421 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P    | Quality     | 5584        | NIS-P3       | BHBC4074    | NIS-P1 minus NIS-P2 should equal NIS-P3.  | (bhbc4107 - bhbc4073) eq bhbc4074   |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P    | Quality     | 9330        | NIS-P5       | BHBC4079    | NIS-P5 should not be negative.  | bhbc4079 ge 0 or bhbc4079 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P    | Quality     | 9330        | NIS-P5a      | BHBC4070    | NIS-P5a should not be negative.   | bhbc4070 ge 0 or bhbc4070 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P    | Quality     | 9330        | NIS-P5b      | BHBCA220    | NIS-P5b should not be negative.   | bhbca220 ge 0 or bhbc4220 eq null   |

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| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P                                 | Quality   | 5589        | NIS-P5f     | BHBCB494    | Sum of NIS-P5a through NIS-P5f should be less than or equal to NIS-P5.                | (bhbc4070 + bhbc220 + bhbc490 + bhbc491 + bhbc493 + bhbc494) le bhbc4079 |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P                                 | Quality   | 9330        | NIS-P7      | BHBC4093    | NIS-P7 should not be negative.  | bhbc4093 ge 0 or bhbc4093 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P                                 | Quality   | 9330        | NIS-P7a     | BHBC4135    | NIS-P7a should not be negative.   | bhbc4135 ge 0 or bhbc4135 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P                                 | Quality   | 5594        | NIS-P7b     | BHBCC216    | Sum of NIS-P7a and NIS-P7b should be less than or equal to NIS-P7.                    | (bhbc4135 + bhbcc216) le bhbc4093  |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P                                 | Quality   | 5604        | NIS-P12     | BHBC4340    | NIS-P8 minus the sum of NIS-P9 through NIS-P11 should equal NIS-P12.                  | bhbc4301 - (bhbc4302 + bhbc4484 + bhbc4320) eq bhbc4340                  |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P                                 | Quality   | 9330        | NIS-P13     | BHBC4475    | NIS-P13 should not be negative.   | bhbc4475 ge 0 or bhbc4475 eq null  |
| FRY9C  | 20110331             | 99991231           | Added       | Notes to the Income Statement - Other | Quality   | 0398        | IN1         | BHCK5351    | If financial data is not equal to null or zero, then text data should not be null.    | if bhck5351 ne null and bhck5351 ne 0 then text5351 ne null              |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 0399        | IN1TX       | TEXT5351    | If text data is not equal to null, then financial data should not equal null or zero. | if text5351 ne null then bhck5351 ne null and bhck5351 ne 0              |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5622        | IN2         | BHCK5352    | If financial data is not equal to null or zero, then text data should not be null.    | if bhck5352 ne null and bhck5352 ne 0 then text5352 ne null              |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5623        | IN2TX       | TEXT5352    | If text data is not equal to null, then financial data should not equal null or zero. | if text5352 ne null then bhck5352 ne null and bhck5352 ne 0              |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5624        | IN3         | BHCK5353    | If financial data is not equal to null or zero, then text data should not be null.    | if bhck5353 ne null and bhck5353 ne 0 then text5353 ne null              |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5625        | IN3TX       | TEXT5353    | If text data is not equal to null, then financial data should not equal null or zero. | if text5353 ne null then bhck5353 ne null and bhck5353 ne 0              |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5626        | IN4         | BHCK5354    | If financial data is not equal to null or zero, then text data should not be null.    | if bhck5354 ne null and bhck5354 ne 0 then text5354 ne null              |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5627        | IN4TX       | TEXT5354    | If text data is not equal to null, then financial data should not equal null or zero. | if text5354 ne null then bhck5354 ne null and bhck5354 ne 0              |

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| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5628        | IN5         | BHCK5355    | If financial data is not equal to null or zero, then text data should not be null.    | if bhck5355 ne null and bhck5355 ne 0 then text5355 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5629        | IN5TX       | TEXT5355    | If text data is not equal to null, then financial data should not equal null or zero. | if text5355 ne null then bhck5355 ne null and bhck5355 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5630        | IN6         | BHCKB042    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb042 ne null and bhckb042 ne 0 then textb042 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5631        | IN6TX       | TEXTB042    | If text data is not equal to null, then financial data should not equal null or zero. | if textb042 ne null then bhckb042 ne null and bhckb042 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5632        | IN7         | BHCKB043    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb043 ne null and bhckb043 ne 0 then textb043 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5633        | IN7TX       | TEXTB043    | If text data is not equal to null, then financial data should not equal null or zero. | if textb043 ne null then bhckb043 ne null and bhckb043 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5634        | IN8         | BHCKB044    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb044 ne null and bhckb044 ne 0 then textb044 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5635        | IN8TX       | TEXTB044    | If text data is not equal to null, then financial data should not equal null or zero. | if textb044 ne null then bhckb044 ne null and bhckb044 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5636        | IN9         | BHCKB045    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb045 ne null and bhckb045 ne 0 then textb045 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5637        | IN9TX       | TEXTB045    | If text data is not equal to null, then financial data should not equal null or zero. | if textb045 ne null then bhckb045 ne null and bhckb045 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5638        | IN10        | BHCKB046    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb046 ne null and bhckb046 ne 0 then textb046 ne null |

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| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5639        | IN10TX      | TEXTB046    | If text data is not equal to null, then financial data should not equal null or zero. | if textb046 ne null then bhckb046 ne null and bhckb046 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5640        | IN11        | BHCKB047    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb047 ne null and bhckb047 ne 0 then textb047 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5641        | IN11TX      | TEXTB047    | If text data is not equal to null, then financial data should not equal null or zero. | if textb047 ne null then bhckb047 ne null and bhckb047 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5642        | IN12        | BHCKB048    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb048 ne null and bhckb048 ne 0 then textb048 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5643        | IN12TX      | TEXTB048    | If text data is not equal to null, then financial data should not equal null or zero. | if textb048 ne null then bhckb048 ne null and bhckb048 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5644        | IN13        | BHCKB049    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb049 ne null and bhckb049 ne 0 then textb049 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5645        | IN13TX      | TEXTB049    | If text data is not equal to null, then financial data should not equal null or zero. | if textb049 ne null then bhckb049 ne null and bhckb049 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5646        | IN14        | BHCKB050    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb050 ne null and bhckb050 ne 0 then textb050 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5647        | IN14TX      | TEXTB050    | If text data is not equal to null, then financial data should not equal null or zero. | if textb050 ne null then bhckb050 ne null and bhckb050 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5648        | IN15        | BHCKB051    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb051 ne null and bhckb051 ne 0 then textb051 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5649        | IN15TX      | TEXTB051    | If text data is not equal to null, then financial data should not equal null or zero. | if textb051 ne null then bhckb051 ne null and bhckb051 ne 0 |

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| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5650        | IN16        | BHCKB052    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb052 ne null and bhckb052 ne 0 then textb052 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5651        | IN16TX      | TEXTB052    | If text data is not equal to null, then financial data should not equal null or zero. | if textb052 ne null then bhckb052 ne null and bhckb052 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5652        | IN17        | BHCKB053    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb053 ne null and bhckb053 ne 0 then textb053 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5653        | IN17TX      | TEXTB053    | If text data is not equal to null, then financial data should not equal null or zero. | if textb053 ne null then bhckb053 ne null and bhckb053 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5654        | IN18        | BHCKB054    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb054 ne null and bhckb054 ne 0 then textb054 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5655        | IN18TX      | TEXTB054    | If text data is not equal to null, then financial data should not equal null or zero. | if textb054 ne null then bhckb054 ne null and bhckb054 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5656        | IN19        | BHCKB055    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb055 ne null and bhckb055 ne 0 then textb055 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5657        | IN19TX      | TEXTB055    | If text data is not equal to null, then financial data should not equal null or zero. | if textb055 ne null then bhckb055 ne null and bhckb055 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Income Statement - Other | Quality   | 5658        | IN20        | BHCKB056    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb056 ne null and bhckb056 ne 0 then textb056 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Income Statement - Other | Quality   | 5659        | IN20TX      | TEXTB056    | If text data is not equal to null, then financial data should not equal null or zero. | if textb056 ne null then bhckb056 ne null and bhckb056 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC                                    | Quality   | 9340        | HC-1a       | BHCK0081    | HC-1a should not be null and should not be negative.                                  | bhck0081 ne null and bhck0081 ge 0                          |
| FRY9C  | 20080331             | 99991231           | No Change   | HC                                    | Quality   | 9340        | HC-1b1      | BHCK0395    | HC-1b1 should not be null and should not be negative.                                 | bhck0395 ne null and bhck0395 ge 0                          |

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| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9340        | HC-1b2      | BHCK0397    | HC-1b2 should not be null and should not be negative.  | bhck0397 ne null and bhck0397 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9340        | HC-2a       | BHCK1754    | HC-2a should not be null and should not be negative.   | bhck1754 ne null and bhck1754 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9340        | HC-2b       | BHCK1773    | HC-2b should not be null and should not be negative.   | bhck1773 ne null and bhck1773 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9340        | HC-3a       | BHDMB987    | HC-3a should not be null and should not be negative.   | bhdmb987 ne null and bhdmb987 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9340        | HC-3b       | BHCKB989    | HC-3b should not be null and should not be negative.   | bhckb989 ne null and bhckb989 ge 0  |
| FRY9C  | 20110630             | 99991231           | Revised     | HC       | Quality     | 5705        | HC-4a       | BHCK5369    | Sum of HC-P4a and HC-P4b should be less than or equal to the sum of HC-4a and HC-5.  | (bhckf072 + bhckf073) le (bhck5369 + bhck3545)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Intraseries | 5710        | HC-4a       | BHCK5369    | If HC-4a (previous) is greater than \$5 million, then HC-4a(current) should be greater than zero.  | if bhck5369-q2 gt 5000 then bhck5369-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9340        | HC-4a       | BHCK5369    | HC-4a should not be null and should not be negative.   | bhck5369 ne null and bhck5369 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9340        | HC-4b       | BHCKB528    | HC-4b should not be null and should not be negative.   | bhckb528 ne null and bhckb528 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9340        | HC-4c       | BHCK3123    | HC-4c should not be null and should not be negative.   | bhck3123 ne null and bhck3123 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9340        | HC-4d       | BHCKB529    | HC-4d should not be null and should not be negative.   | bhckb529 ne null and bhckb529 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC       | Quality     | 0426        | HC-5        | BHCK3545    | If the sum of HC-L14a1A through HC-L14a1D minus the sum of HC-L14a2A through HC-L14a2D is greater than \$1 million, then HC-5 should be greater than zero. | if ((bhck8733 + bhck8734 + bhck8735 + bhck8736) - (bhck8737 + bhck8738 + bhck8739 + bhck8740)) gt 1000 then bhck3545 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9340        | HC-5        | BHCK3545    | HC-5 should not be null and should not be negative.  | bhck3545 ne null and bhck3545 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 5715        | HC-6        | BHCK2145    | HC-6 should be greater than zero.  | bhck2145 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9340        | HC-6        | BHCK2145    | HC-6 should not be null and should not be negative.  | bhck2145 ne null and bhck2145 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9340        | HC-7        | BHCK2150    | HC-7 should not be null and should not be negative.  | bhck2150 ne null and bhck2150 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Intraseries | 5720        | HC-8        | BHCK2130    | If HC-8 (previous) is not equal to zero, then HC-8 (current) should not equal zero.  | if bhck2130-q2 ne 0 then bhck2130-q1 ne 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9350        | HC-8        | BHCK2130    | HC-8 should not be null.   | bhck2130 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Intraseries | 5725        | HC-10a      | BHCK3163    | If HC-10a (previous) is greater than zero, then HC-10a (current) should be greater than zero.  | if bhck3163-q2 gt 0 then bhck3163-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Intraseries | 5727        | HC-10a      | BHCK3163    | For March, HI-7c1 should be less than or equal to HC-10a (previous). (+\$10k)  | if (mm-q1 eq 03) then (bhckc216-q1 le bhck3163-q2 + 10)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Intraseries | 5728        | HC-10a      | BHCK3163    | For June, September, and December, HI-7c1 (current minus previous) should be less than or equal to HC-10a (previous). (+\$10k)                             | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then ((bhckc216-q1 - bhckc216-q2) le bhck3163-q2 + 10)                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9360        | HC-10a      | BHCK3163    | HC-10a should not be null and should not be negative.  | bhck3163 ne null and bhck3163 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Intraseries | 5735        | HC-10b      | BHCK0426    | If HC-10b (previous) is greater than zero, then HC-10b (current) should be greater than zero.  | if bhck0426-q2 gt 0 then bhck0426-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9360        | HC-10b      | BHCK0426    | HC-10b should not be null and should not be negative.  | bhck0426 ne null and bhck0426 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9360        | HC-11       | BHCK2160    | HC-11 should not be null and should not be negative.   | bhck2160 ne null and bhck2160 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Intraseries | 5745        | HC-12       | BHCK2170    | HC-12 (current) should not equal HC-12 (previous).   | bhck2170-q1 ne bhck2170-q2  |

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| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 6560        | HC-12       | BHCK2170    | if HC-12 is greater than or equal to \$30 billion, then HC-M22 should not be null.  | if bhck2170 ge 30000000 then txtc497 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9360        | HC-12       | BHCK2170    | HC-12 should not be null and should not be negative.  | bhck2170 ne null and bhck2170 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9360        | HC-13a1     | BHDM6631    | HC-13a1 should not be null and should not be negative.  | bhdm6631 ne null and bhdm6631 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9360        | HC-13a2     | BHDM6636    | HC-13a2 should not be null and should not be negative.  | bhdm6636 ne null and bhdm6636 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9370        | HC-13b1     | BHFN6631    | HC-13b1 should not be negative.   | bhfn6631 ge 0 or bhfn6631 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 5750        | HC-13b2     | BHFN6636    | If HI-2a2 is greater than \$10k, then HC-13b2 should be greater than zero.  | if bhck4172 gt 10 then bhfn6636 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9370        | HC-13b2     | BHFN6636    | HC-13b2 should not be negative.   | bhfn6636 ge 0 or bhfn6636 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9380        | HC-14a      | BHDMB993    | HC-14a should not be null and should not be negative.   | bhdmb993 ne null and bhdmb993 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9380        | HC-14b      | BHCKB995    | HC-14b should not be null and should not be negative.   | bhckb995 ne null and bhckb995 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC       | Quality     | 0427        | HC-15       | BHCK3548    | If the sum of HC-L14a2A through HC-L14a2D minus the sum of HC-L14a1A through HC-L14a1D is greater than \$1 million, then HC-15 should be greater than zero. | if ((bhck8737 + bhck8738 + bhck8739 + bhck8740) - (bhck8733 + bhck8734 + bhck8735 + bhck8736)) gt 1000 then bhck3548 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9380        | HC-15       | BHCK3548    | HC-15 should not be null and should not be negative.  | bhck3548 ne null and bhck3548 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9380        | HC-16       | BHCK3190    | HC-16 should not be null and should not be negative.  | bhck3190 ne null and bhck3190 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 5765        | HC-19a      | BHCK4062    | For March, if HI-2d is greater than \$10k, then HC-19a should be greater than zero.   | if (mm-q1 eq 03) and (bhck4397 gt 10) then bhck4062 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Intraseries | 5775        | HC-19a      | BHCK4062    | For June, September and December, if HI-2d (current minus previous) is greater than \$10k, then HC-19a (current) should be greater than zero.               | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4397-q1 - bhck4397-q2) gt 10 then bhck4062-q1 gt 0                |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9380        | HC-19a      | BHCK4062    | HC-19a should not be null and should not be negative.   | bhck4062 ne null and bhck4062 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9380        | HC-19b      | BHCKC699    | HC-19b should not be null and should not be negative.   | bhckc699 ne null and bhckc699 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9380        | HC-20       | BHCK2750    | HC-20 should not be null and should not be negative.  | bhck2750 ne null and bhck2750 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9380        | HC-21       | BHCK2948    | HC-21 should not be null and should not be negative.  | bhck2948 ne null and bhck2948 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 5781        | HC-23       | BHCK3283    | If HC-23 equals zero, then HI-A10 should equal zero.  | if bhck3283 eq 0 then bhck4598 eq 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Intraseries | 5782        | HC-23       | BHCK3283    | If HC-23 (previous) is greater than zero, then HC-23 (current) should be greater than zero.   | if bhck3283-q2 gt 0 then bhck3283-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9380        | HC-23       | BHCK3283    | HC-23 should not be null and should not be negative.  | bhck3283 ne null and bhck3283 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Intraseries | 5783        | HC-24       | BHCK3230    | If HC-24(previous) is greater than zero, then HC-24(current) should be greater than zero.   | if bhck3230-q2 gt 0 then bhck3230-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9380        | HC-24       | BHCK3230    | HC-24 should not be null and should not be negative.  | bhck3230 ne null and bhck3230 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 5784        | HC-25       | BHCK3240    | If HI-A11 is greater than zero, then the sum of HC-24 and HC-25 should be greater than zero.  | if bhck4460 gt 0 then (bhck3230 + bhck3240) gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9380        | HC-25       | BHCK3240    | HC-25 should not be null and should not be negative.  | bhck3240 ne null and bhck3240 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9390        | HC-26a      | BHCK3247    | HC-26a should not be null.  | bhck3247 ne null  |

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| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Intraseries | 5786        | HC-26b      | BHCKB530    | For March, if HI-A9 (current) is equal to zero, then HC-26b (current minus previous) should equal HI-A12(current) (+/- 10k).   | if (mm-q1 eq 03 and bhck4356 eq 0) then ((bhckb530-q1-bhckb530-q2) ge bhckb511-q1-10) and ((bhckb530-q1-bhckb530-q2) le bhckb511-q1+10)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Intraseries | 5787        | HC-26b      | BHCKB530    | For June, September, and December, if HI-A9 (current) is equal to HI-A9 (previous), then HC-26b (current minus previous) should equal HI-A12 (current minus previous) +/- 10k. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2) then (bhckb530-q1 - bhckb530-q2) ge (bhckb511-q1 - bhckb511-q2 -10) and (bhckb530-q1 - bhckb530-q2) le (bhckb511-q1 - bhckb511-q2 +10) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9390        | HC-26b      | BHCKB530    | HC-26b should not be null.   | bhckb530 ne null   |
| FRY9C  | 20090331             | 99991231           | Revised     | HC       | Quality     | 5792        | HC-26c      | BHCKA130    | HC-26c should be less than or equal to zero.   | bhcka130 le 0  |
| FRY9C  | 20090331             | 99991231           | Revised     | HC       | Intraseries | 5797        | HC-26c      | BHCKA130    | If HC-26c (previous) does not equal zero, then HC-26c (current) should not equal zero.   | if bhcka130-q2 ne 0 then bhcka130-q1 ne 0  |
| FRY9C  | 20090331             | 99991231           | Revised     | HC       | Quality     | 9390        | HC-26c      | BHCKA130    | HC-26c should not be null.   | bhcka130 ne null   |
| FRY9C  | 20111231             | 99991231           | Added       | HC       | Intraseries | 0515        | HC-27a      | BHCK3210    | If HC-K11 (current) is not equal to zero then HC-27a (current) plus HC-27a (previous) should not be equal to zero.   | if bhck3519-q1 ne 0 then (bhck3210-q1 + bhck3210-q2) ne 0  |
| FRY9C  | 20090331             | 99991231           | Revised     | HC       | Quality     | 9390        | HC-27a      | BHCK3210    | HC-27a should not be null.   | bhck3210 ne null   |
| FRY9C  | 20090331             | 99991231           | Revised     | HC       | Intraseries | 5780        | HC-27b      | BHCK3000    | If HC-27b (previous) is greater than zero, then HC-27b (current) should be greater than zero.  | if bhck3000-q2 gt 0 then bhck3000-q1 gt 0  |
| FRY9C  | 20090331             | 99991231           | Revised     | HC       | Quality     | 9380        | HC-27b      | BHCK3000    | HC-27b should not be null and should not be negative.  | bhck3000 ne null and bhck3000 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 9400        | HC-29       | BHCK3300    | HC-29 should not be null and should not be negative.   | bhck3300 ne null and bhck3300 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Intraseries | 5798        | HC-Mem1     | BHCKC884    | For December, if HC-Mem1 (previous December) is equal to "1" (yes), then HC-Mem1 (current) should be equal "1" (yes).  | if (mm-q1 eq 12 and (bhckc884-q5 eq 1)) then (bhckc884-q1 eq 1)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 5799        | HC-Mem2a(1) | TEXTC703    | If HC-Mem2a(1) is not null then HC-Mem2a(2), HC-Mem2a(3), HC-Mem2a(4), HC-Mem2b(1), and HC-Mem2b(2) should not be null.  | if (textc703 ne null) then (textc708 ne null and textc714 ne null and textc715 ne null and textc704 ne null and textc705 ne null)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 5801        | HC-Mem2a(2) | TEXTC708    | If HC-Mem2a(2) is not null then HC-Mem2a(1), HC-Mem2a(3), HC-Mem2a(4), HC-Mem2b(1), and HC-Mem2b(2) should not be null.  | if (textc708 ne null) then (textc703 ne null and textc714 ne null and textc715 ne null and textc704 ne null and textc705 ne null)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 5802        | HC-Mem2a(3) | TEXTC714    | If HC-Mem2a(3) is not null then HC-Mem2a(1), HC-Mem2a(2), HC-Mem2a(4), HC-Mem2b(1), and HC-Mem2b(2) should not be null.  | if (textc714 ne null) then (textc703 ne null and textc708 ne null and textc715 ne null and textc704 ne null and textc705 ne null)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 5803        | HC-Mem2a(4) | TEXTC715    | If HC-Mem2a(4) is not null then HC-Mem2a(1), HC-Mem2a(2), HC-Mem2a(3), HC-Mem2b(1), and HC-Mem2b(2) should not be null.  | if (textc715 ne null) then (textc703 ne null and textc708 ne null and textc714 ne null and textc704 ne null and textc705 ne null)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 5804        | HC-Mem2b(1) | TEXTC704    | If HC-Mem2b(1) is not null then HC-Mem2a(1), HC-Mem2a(2), HC-Mem2a(3), HC-Mem2a(4), and HC-Mem2b(2) should not be null.  | if (textc704 ne null) then (textc703 ne null and textc708 ne null and textc714 ne null and textc715 ne null and textc705 ne null)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC       | Quality     | 5806        | HC-Mem2b(2) | TEXTC705    | If HC-Mem2b(2) is not null then HC-Mem2a(1), HC-Mem2a(2), HC-Mem2a(3), HC-Mem2a(4), and HC-Mem2b(1) should not be null.  | if (textc705 ne null) then (textc703 ne null and textc708 ne null and textc714 ne null and textc715 ne null and textc704 ne null)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B1A      | BHCK0211    | HC-B1A should not be null and should not be negative.  | bhck0211 ne null and bhck0211 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality     | 5807        | HC-B1B      | BHCK0213    | If HC-B1A is greater than zero, then HC-B1B divided by HC-B1A should be within 75% - 150%.   | if bhck0211 gt 0 then ((bhck0213/bhck0211)*100) ge 75 and ((bhck0213/bhck0211)*100) le 150   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B1B      | BHCK0213    | HC-B1B should not be null and should not be negative.  | bhck0213 ne null and bhck0213 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B1C      | BHCK1286    | HC-B1C should not be null and should not be negative.  | bhck1286 ne null and bhck1286 ge 0   |

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| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5808        | HC-B1D      | BHCK1287    | If HC-B1C is greater than zero, then HC-B1D divided by HC-B1C should be within 75% - 150%.       | if bhck1286 gt 0 then ((bhck1287/bhck1286)*100) ge 75 and ((bhck1287/bhck1286)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9400        | HC-B1D      | BHCK1287    | HC-B1D should not be null and should not be negative.  | bhck1287 ne null and bhck1287 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9400        | HC-B2aA     | BHCK1289    | HC-B2aA should not be null and should not be negative.   | bhck1289 ne null and bhck1289 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5810        | HC-B2aB     | BHCK1290    | If HC-B2aA is greater than zero, then HC-B2aB divided by HC-B2aA should be within 75% - 150%.    | if bhck1289 gt 0 then ((bhck1290/bhck1289)*100) ge 75 and ((bhck1290/bhck1289)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9400        | HC-B2aB     | BHCK1290    | HC-B2aB should not be null and should not be negative.   | bhck1290 ne null and bhck1290 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9400        | HC-B2aC     | BHCK1291    | HC-B2aC should not be null and should not be negative.   | bhck1291 ne null and bhck1291 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5813        | HC-B2aD     | BHCK1293    | If HC-B2aC is greater than zero, then HC-B2aD divided by HC-B2aC should be within 75% - 150%.    | if bhck1291 gt 0 then ((bhck1293/bhck1291)*100) ge 75 and ((bhck1293/bhck1291)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9400        | HC-B2aD     | BHCK1293    | HC-B2aD should not be null and should not be negative.   | bhck1293 ne null and bhck1293 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9400        | HC-B2bA     | BHCK1294    | HC-B2bA should not be null and should not be negative.   | bhck1294 ne null and bhck1294 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5815        | HC-B2bB     | BHCK1295    | If HC-B2bA is greater than zero, then HC-B2bB divided by HC-B2bA should be within 75% - 150%.    | if bhck1294 gt 0 then ((bhck1295/bhck1294)*100) ge 75 and ((bhck1295/bhck1294)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9400        | HC-B2bB     | BHCK1295    | HC-B2bB should not be null and should not be negative.   | bhck1295 ne null and bhck1295 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9400        | HC-B2bC     | BHCK1297    | HC-B2bC should not be null and should not be negative.   | bhck1297 ne null and bhck1297 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5817        | HC-B2bD     | BHCK1298    | If HC-B2bC is greater than zero, then HC-B2bD divided by HC-B2bC should be within 75% - 150%.    | if bhck1297 gt 0 then ((bhck1298/bhck1297)*100) ge 75 and ((bhck1298/bhck1297)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9400        | HC-B2bD     | BHCK1298    | HC-B2bD should not be null and should not be negative.   | bhck1298 ne null and bhck1298 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9400        | HC-B3A      | BHCK8496    | HC-B3A should not be null and should not be negative.  | bhck8496 ne null and bhck8496 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5820        | HC-B3B      | BHCK8497    | If HC-B3A is greater than zero, then HC-B3B divided by HC-B3A should be within 75% - 150%.       | if bhck8496 gt 0 then ((bhck8497/bhck8496)*100) ge 75 and ((bhck8497/bhck8496)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9400        | HC-B3B      | BHCK8497    | HC-B3B should not be null and should not be negative.  | bhck8497 ne null and bhck8497 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9400        | HC-B3C      | BHCK8498    | HC-B3C should not be null and should not be negative.  | bhck8498 ne null and bhck8498 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5823        | HC-B3D      | BHCK8499    | If HC-B3C is greater than zero, then HC-B3D divided by HC-B3C should be within 75% - 150%.       | if bhck8498 gt 0 then ((bhck8499/bhck8498)*100) ge 75 and ((bhck8499/bhck8498)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9400        | HC-B3D      | BHCK8499    | HC-B3D should not be null and should not be negative.  | bhck8499 ne null and bhck8499 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4a1A    | BHCKG300    | HC-B4a1A should not be null and should not be negative.  | bhckg300 ne null and bhckg300 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5825        | HC-B4a1B    | BHCKG301    | If HC-B4a1A is greater than zero, then HC-B4a1B divided by HC-B4a1A should be within 75% - 150%. | if bhckg300 gt 0 then ((bhckg301/bhckg300)*100) ge 75 and ((bhckg301/bhckg300)*100) le 150 |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4a1B    | BHCKG301    | HC-B4a1B should not be null and should not be negative.  | bhckg301 ne null and bhckg301 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4a1C    | BHCKG302    | HC-B4a1C should not be null and should not be negative.  | bhckg302 ne null and bhckg302 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5827        | HC-B4a1D    | BHCKG303    | If HC-B4a1C is greater than zero, then HC-B4a1D divided by HC-B4a1C should be within 75% - 150%. | if bhckg302 gt 0 then ((bhckg303/bhckg302)*100) ge 75 and ((bhckg303/bhckg302)*100) le 150 |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4a1D    | BHCKG303    | HC-B4a1D should not be null and should not be negative.  | bhckg303 ne null and bhckg303 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4a2A    | BHCKG304    | HC-B4a2A should not be null and should not be negative.  | bhckg304 ne null and bhckg304 ge 0   |

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| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5830        | HC-B4a2B    | BHCKG305    | If HC-B4a2A is greater than zero, then HC-B4a2B divided by HC-B4a2A should be within 75% - 150%. | if bhckg304 gt 0 then ((bhckg305/bhckg304)*100) ge 75 and ((bhckg305/bhckg304)*100) le 150 |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4a2B    | BHCKG305    | HC-B4a2B should not be null and should not be negative.  | bhckg305 ne null and bhckg305 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4a2C    | BHCKG306    | HC-B4a2C should not be null and should not be negative.  | bhckg306 ne null and bhckg306 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5833        | HC-B4a2D    | BHCKG307    | If HC-B4a2C is greater than zero, then HC-B4a2D divided by HC-B4a2C should be within 75% - 150%. | if bhckg306 gt 0 then ((bhckg307/bhckg306)*100) ge 75 and ((bhckg307/bhckg306)*100) le 150 |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4a2D    | BHCKG307    | HC-B4a2D should not be null and should not be negative.  | bhckg307 ne null and bhckg307 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4a3A    | BHCKG308    | HC-B4a3A should not be null and should not be negative.  | bhckg308 ne null and bhckg308 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5835        | HC-B4a3B    | BHCKG309    | If HC-B4a3A is greater than zero, then HC-B4a3B divided by HC-B4a3A should be within 75% - 150%. | if bhckg308 gt 0 then ((bhckg309/bhckg308)*100) ge 75 and ((bhckg309/bhckg308)*100) le 150 |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4a3B    | BHCKG309    | HC-B4a3B should not be null and should not be negative.  | bhckg309 ne null and bhckg309 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4a3C    | BHCKG310    | HC-B4a3C should not be null and should not be negative.  | bhckg310 ne null and bhckg310 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5837        | HC-B4a3D    | BHCKG311    | If HC-B4a3C is greater than zero, then HC-B4a3D divided by HC-B4a3C should be within 75% - 150%. | if bhckg310 gt 0 then ((bhckg311/bhckg310)*100) ge 75 and ((bhckg311/bhckg310)*100) le 150 |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4a3D    | BHCKG311    | HC-B4a3D should not be null and should not be negative.  | bhckg311 ne null and bhckg311 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4b1A    | BHCKG312    | HC-B4b1A should not be null and should not be negative.  | bhckg312 ne null and bhckg312 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5840        | HC-B4b1B    | BHCKG313    | If HC-B4b1A is greater than zero, then HC-B4b1B divided by HC-B4b1A should be within 75% - 150%. | if bhckg312 gt 0 then ((bhckg313/bhckg312)*100) ge 75 and ((bhckg313/bhckg312)*100) le 150 |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4b1B    | BHCKG313    | HC-B4b1B should not be null and should not be negative.  | bhckg313 ne null and bhckg313 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4b1C    | BHCKG314    | HC-B4b1C should not be null and should not be negative.  | bhckg314 ne null and bhckg314 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5843        | HC-B4b1D    | BHCKG315    | If HC-B4b1C is greater than zero, then HC-B4b1D divided by HC-B4b1C should be within 75% - 150%. | if bhckg314 gt 0 then ((bhckg315/bhckg314)*100) ge 75 and ((bhckg315/bhckg314)*100) le 150 |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4b1D    | BHCKG315    | HC-B4b1D should not be null and should not be negative.  | bhckg315 ne null and bhckg315 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4b2A    | BHCKG316    | HC-B4b2A should not be null and should not be negative.  | bhckg316 ne null and bhckg316 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5845        | HC-B4b2B    | BHCKG317    | If HC-B4b2A is greater than zero, then HC-B4b2B divided by HC-B4b2A should be within 75% - 150%. | if bhckg316 gt 0 then ((bhckg317/bhckg316)*100) ge 75 and ((bhckg317/bhckg316)*100) le 150 |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4b2B    | BHCKG317    | HC-B4b2B should not be null and should not be negative.  | bhckg317 ne null and bhckg317 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4b2C    | BHCKG318    | HC-B4b2C should not be null and should not be negative.  | bhckg318 ne null and bhckg318 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5847        | HC-B4b2D    | BHCKG319    | If HC-B4b2C is greater than zero, then HC-B4b2D divided by HC-B4b2C should be within 75% - 150%. | if bhckg318 gt 0 then ((bhckg319/bhckg318)*100) ge 75 and ((bhckg319/bhckg318)*100) le 150 |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4b2D    | BHCKG319    | HC-B4b2D should not be null and should not be negative.  | bhckg319 ne null and bhckg319 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4b3A    | BHCKG320    | HC-B4b3A should not be null and should not be negative.  | bhckg320 ne null and bhckg320 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5850        | HC-B4b3B    | BHCKG321    | If HC-B4b3A is greater than zero, then HC-B4b3B divided by HC-B4b3A should be within 75% - 150%. | if bhckg320 gt 0 then ((bhckg321/bhckg320)*100) ge 75 and ((bhckg321/bhckg320)*100) le 150 |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4b3B    | BHCKG321    | HC-B4b3B should not be null and should not be negative.  | bhckg321 ne null and bhckg321 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4b3C    | BHCKG322    | HC-B4b3C should not be null and should not be negative.  | bhckg322 ne null and bhckg322 ge 0   |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type | Edit Number | Target Item | MDRM Number | Edit Test   | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|--|
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5853        | HC-B4b3D    | BHCKG323    | If HC-B4b3C is greater than zero, then HC-B4b3D divided by HC-B4b3C should be within 75% - 150%.    | if bhckg322 gt 0 then ((bhckg323/bhckg322)*100) ge 75 and ((bhckg323/bhckg322)*100) le 150 |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4b3D    | BHCKG323    | HC-B4b3D should not be null and should not be negative.   | bhckg323 ne null and bhckg323 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4c1aA   | BHCKK142    | HC-B4c1aA should not be null and should not be negative.  | bhckk142 ne null and bhckk142 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Quality   | 0275        | HC-B4c1aB   | BHCKK143    | If HC-B4c1aA is greater than zero, then HC-B4c1aB divided by HC-B4c1aA should be within 75% - 150%. | if bhckk142 gt 0 then ((bhckk143/bhckk142)*100) ge 75 and ((bhckk143/bhckk142)*100) le 150 |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4c1aB   | BHCKK143    | HC-B4c1aB should not be null and should not be negative.  | bhckk143 ne null and bhckk143 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4c1aC   | BHCKK144    | HC-B4c1aC should not be null and should not be negative.  | bhckk144 ne null and bhckk144 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Quality   | 0276        | HC-B4c1aD   | BHCKK145    | If HC-B4c1aC is greater than zero, then HC-B4c1aD divided by HC-B4c1aC should be within 75% - 150%. | if bhckk144 gt 0 then ((bhckk145/bhckk144)*100) ge 75 and ((bhckk145/bhckk144)*100) le 150 |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4c1aD   | BHCKK145    | HC-B4c1aD should not be null and should not be negative.  | bhckk145 ne null and bhckk145 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B4c1bA   | BHCKK146    | HC-B4c1bA should not be null and should not be negative.  | bhckk146 ne null and bhckk146 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-B     | Quality   | 0400        | HC-B4c1bB   | BHCKK147    | If HC-B4c1bA is greater than zero, then HC-B4c1bB divided by HC-B4c1bA should be within 75% - 150%. | if bhckk146 gt 0 then ((bhckk147/bhckk146)*100) ge 75 and ((bhckk147/bhckk146)*100) le 150 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B4c1bB   | BHCKK147    | HC-B4c1bB should not be null and should not be negative.  | bhckk147 ne null and bhckk147 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B4c1bC   | BHCKK148    | HC-B4c1bC should not be null and should not be negative.  | bhckk148 ne null and bhckk148 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-B     | Quality   | 0401        | HC-B4c1bD   | BHCKK149    | If HC-B4c1bC is greater than zero, then HC-B4c1bD divided by HC-B4c1bC should be within 75% - 150%. | if bhckk148 gt 0 then ((bhckk149/bhckk148)*100) ge 75 and ((bhckk149/bhckk148)*100) le 150 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B4c1bD   | BHCKK149    | HC-B4c1bD should not be null and should not be negative.  | bhckk149 ne null and bhckk149 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4c2aA   | BHCKK150    | HC-B4c2aA should not be null and should not be negative.  | bhckk150 ne null and bhckk150 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Quality   | 0277        | HC-B4c2aB   | BHCKK151    | If HC-B4c2aA is greater than zero, then HC-B4c2aB divided by HC-B4c2aA should be within 75% - 150%. | if bhckk150 gt 0 then ((bhckk151/bhckk150)*100) ge 75 and ((bhckk151/bhckk150)*100) le 150 |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4c2aB   | BHCKK151    | HC-B4c2aB should not be null and should not be negative.  | bhckk151 ne null and bhckk151 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4c2aC   | BHCKK152    | HC-B4c2aC should not be null and should not be negative.  | bhckk152 ne null and bhckk152 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Quality   | 0278        | HC-B4c2aD   | BHCKK153    | If HC-B4c2aC is greater than zero, then HC-B4c2aD divided by HC-B4c2aC should be within 75% - 150%. | if bhckk152 gt 0 then ((bhckk153/bhckk152)*100) ge 75 and ((bhckk153/bhckk152)*100) le 150 |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B4c2aD   | BHCKK153    | HC-B4c2aD should not be null and should not be negative.  | bhckk153 ne null and bhckk153 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B4c2bA   | BHCKK154    | HC-B4c2bA should not be null and should not be negative.  | bhckk154 ne null and bhckk154 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-B     | Quality   | 0402        | HC-B4c2bB   | BHCKK155    | If HC-B4c2bA is greater than zero, then HC-B4c2bB divided by HC-B4c2bA should be within 75% - 150%. | if bhckk154 gt 0 then ((bhckk155/bhckk154)*100) ge 75 and ((bhckk155/bhckk154)*100) le 150 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B4c2bB   | BHCKK155    | HC-B4c2bB should not be null and should not be negative.  | bhckk155 ne null and bhckk155 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B4c2bC   | BHCKK156    | HC-B4c2bC should not be null and should not be negative.  | bhckk156 ne null and bhckk156 ge 0   |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|--|
| FRY9C  | 20110331             | 99991231           | Added       | HC-B     | Quality   | 0403        | HC-B4c2bD   | BHCKK157    | If HC-B4c2bC is greater than zero, then HC-B4c2bD divided by HC-B4c2bC should be within 75% - 150%. | if bhckk156 gt 0 then ((bhckk157/bhckk156)*100) ge 75 and ((bhckk157/bhckk156)*100) le 150   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B4c2bD   | BHCKK157    | HC-B4c2bD should not be null and should not be negative.  | bhckk157 ne null and bhckk157 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B5aA     | BHCKC026    | HC-B5aA should not be null and should not be negative.  | bhckc026 ne null and bhckc026 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5861        | HC-B5aB     | BHCKC988    | If HC-B5aA is greater than zero, then HC-B5aB divided by HC-B5aA should be within 75% - 150%.       | if (bhckc026 gt 0) then ((bhckc988/bhckc026)*100) ge 75 and ((bhckc988/bhckc026)*100) le 150 |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B5aB     | BHCKC988    | HC-B5aB should not be null and should not be negative.  | bhckc988 ne null and bhckc988 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B5aC     | BHCKC989    | HC-B5aC should not be null and should not be negative.  | bhckc989 ne null and bhckc989 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5866        | HC-B5aD     | BHCKC027    | If HC-B5aC is greater than zero, then HC-B5aD divided by HC-B5aC should be within 75% - 150%.       | if (bhckc989 gt 0) then ((bhckc027/bhckc989)*100) ge 75 and ((bhckc027/bhckc989)*100) le 150 |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 9400        | HC-B5aD     | BHCKC027    | HC-B5aD should not be null and should not be negative.  | bhckc027 ne null and bhckc027 ge 0   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B5b1A    | BHCKG336    | HC-B5b1A should not be null and should not be negative.   | bhckg336 ne null and bhckg336 ge 0   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 0279        | HC-B5b1B    | BHCKG337    | If HC-B5b1A is greater than zero, then HC-B5b1B divided by HC-B5b1A should be within 75% - 150%.    | if bhckg336 gt 0 then ((bhckg337/bhckg336)*100) ge 75 and ((bhckg337/bhckg336)*100) le 150   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B5b1B    | BHCKG337    | HC-B5b1B should not be null and should not be negative.   | bhckg337 ne null and bhckg337 ge 0   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B5b1C    | BHCKG338    | HC-B5b1C should not be null and should not be negative.   | bhckg338 ne null and bhckg338 ge 0   |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-B     | Quality   | 0280        | HC-B5b1D    | BHCKG339    | If HC-B5b1C is greater than zero, then HC-B5b1D divided by HC-B5b1C should be within 25% - 150%.    | if bhckg338 gt 0 then ((bhckg339/bhckg338)*100) ge 25 and ((bhckg339/bhckg338)*100) le 150   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B5b1D    | BHCKG339    | HC-B5b1D should not be null and should not be negative.   | bhckg339 ne null and bhckg339 ge 0   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B5b2A    | BHCKG340    | HC-B5b2A should not be null and should not be negative.   | bhckg340 ne null and bhckg340 ge 0   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 0281        | HC-B5b2B    | BHCKG341    | If HC-B5b2A is greater than zero, then HC-B5b2B divided by HC-B5b2A should be within 75% - 150%.    | if bhckg340 gt 0 then ((bhckg341/bhckg340)*100) ge 75 and ((bhckg341/bhckg340)*100) le 150   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B5b2B    | BHCKG341    | HC-B5b2B should not be null and should not be negative.   | bhckg341 ne null and bhckg341 ge 0   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B5b2C    | BHCKG342    | HC-B5b2C should not be null and should not be negative.   | bhckg342 ne null and bhckg342 ge 0   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 0282        | HC-B5b2D    | BHCKG343    | If HC-B5b2C is greater than zero, then HC-B5b2D divided by HC-B5b2C should be within 75% - 150%.    | if bhckg342 gt 0 then ((bhckg343/bhckg342)*100) ge 75 and ((bhckg343/bhckg342)*100) le 150   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B5b2D    | BHCKG343    | HC-B5b2D should not be null and should not be negative.   | bhckg343 ne null and bhckg343 ge 0   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B5b3A    | BHCKG344    | HC-B5b3A should not be null and should not be negative.   | bhckg344 ne null and bhckg344 ge 0   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 0283        | HC-B5b3B    | BHCKG345    | If HC-B5b3A is greater than zero, then HC-B5b3B divided by HC-B5b3A should be within 75% - 150%.    | if bhckg344 gt 0 then ((bhckg345/bhckg344)*100) ge 75 and ((bhckg345/bhckg344)*100) le 150   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B5b3B    | BHCKG345    | HC-B5b3B should not be null and should not be negative.   | bhckg345 ne null and bhckg345 ge 0   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B5b3C    | BHCKG346    | HC-B5b3C should not be null and should not be negative.   | bhckg346 ne null and bhckg346 ge 0   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 0284        | HC-B5b3D    | BHCKG347    | If HC-B5b3C is greater than zero, then HC-B5b3D divided by HC-B5b3C should be within 75% - 150%.    | if bhckg346 gt 0 then ((bhckg347/bhckg346)*100) ge 75 and ((bhckg347/bhckg346)*100) le 150   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-B     | Quality   | 9400        | HC-B5b3D    | BHCKG347    | HC-B5b3D should not be null and should not be negative.   | bhckg347 ne null and bhckg347 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9400        | HC-B6aA     | BHCK1737    | HC-B6aA should not be null and should not be negative.  | bhck1737 ne null and bhck1737 ge 0   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality     | 5885        | HC-B6aB     | BHCK1738    | If HC-B6aA is greater than zero, then HC-B6aB divided by HC-B6aA should be within 75% - 150%.   | if bhck1737 gt 0 then ((bhck1738/bhck1737)*100) ge 75 and ((bhck1738/bhck1737)*100) le 150  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B6aB     | BHCK1738    | HC-B6aB should not be null and should not be negative.  | bhck1738 ne null and bhck1738 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B6aC     | BHCK1739    | HC-B6aC should not be null and should not be negative.  | bhck1739 ne null and bhck1739 ge 0  |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-B     | Quality     | 5887        | HC-B6aD     | BHCK1741    | If HC-B6aC is greater than zero, then HC-B6aD divided by HC-B6aC should be within 50% - 150%.   | if bhck1739 gt 0 then ((bhck1741/bhck1739)*100) ge 50 and ((bhck1741/bhck1739)*100) le 150  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B6aD     | BHCK1741    | HC-B6aD should not be null and should not be negative.  | bhck1741 ne null and bhck1741 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B6bA     | BHCK1742    | HC-B6bA should not be null and should not be negative.  | bhck1742 ne null and bhck1742 ge 0  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality     | 5890        | HC-B6bB     | BHCK1743    | If HC-B6bA is greater than zero, then HC-B6bB divided by HC-B6bA should be within 75% - 150%.   | if bhck1742 gt 0 then ((bhck1743/bhck1742)*100) ge 75 and ((bhck1743/bhck1742)*100) le 150  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B6bB     | BHCK1743    | HC-B6bB should not be null and should not be negative.  | bhck1743 ne null and bhck1743 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B6bC     | BHCK1744    | HC-B6bC should not be null and should not be negative.  | bhck1744 ne null and bhck1744 ge 0  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality     | 5892        | HC-B6bD     | BHCK1746    | If HC-B6bC is greater than zero, then HC-B6bD divided by HC-B6bC should be within 75% - 150%.   | if bhck1744 gt 0 then ((bhck1746/bhck1744)*100) ge 75 and ((bhck1746/bhck1744)*100) le 150  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B6bD     | BHCK1746    | HC-B6bD should not be null and should not be negative.  | bhck1746 ne null and bhck1746 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B7C      | BHCKA510    | HC-B7C should not be null and should not be negative.   | bhcka510 ne null and bhcka510 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 5893        | HC-B7D      | BHCKA511    | If HC-B7C is greater than zero, then HC-B7D should be greater than zero.  | if bhcka510 gt 0 then bhcka511 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B7D      | BHCKA511    | HC-B7D should not be null and should not be negative.   | bhcka511 ne null and bhcka511 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B8A      | BHCT1754    | HC-B8A should not be null and should not be negative.   | bhct1754 ne null and bhct1754 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B8B      | BHCK1771    | HC-B8B should not be null and should not be negative.   | bhck1771 ne null and bhck1771 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B8C      | BHCK1772    | HC-B8C should not be null and should not be negative.   | bhck1772 ne null and bhck1772 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B8D      | BHCT1773    | HC-B8D should not be null and should not be negative.   | bhct1773 ne null and bhct1773 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Intraseries | 5894        | HC-BM1      | BHCK0416    | If HC-BM1 (previous) is greater than \$1 million, then HC-BM1 (current) should be greater than zero.  | if (bhck0416-q2 gt 1000) then (bhck0416-q1 gt 0)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-BM1      | BHCK0416    | HC-BM1 should not be null and should not be negative.   | bhck0416 ne null and bhck0416 ge 0  |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-B     | Intraseries | 5895        | HC-BM2a     | BHCK0383    | If the sum of HC-2a (previous) and HC-2b (previous) minus HC-B7D (previous) is greater than zero and the sum of HC-2a (current) and HC-2b (current) minus HC-B7D (current) is greater than or equal to \$1 million, then the difference between the ratios for HC-BM2a divided by (HC-2a and HC-2b minus HC-B7D) between previous and current should not exceed +/- 30 %. | if (((bhck1754-q2 + bhck1773-q2) - bhcka511-q2) gt 0 and (bhck1754-q1 + bhck1773-q1 - bhcka511-q1) ge 1000) then ((bhck0383-q2 / (bhck1754-q2 + bhck1773-q2 - bhcka511-q2)) - (bhck0383-q1 / (bhck1754-q1 + bhck1773-q1 - bhcka511-q1))) * 100 le 30 and ((bhck0383-q2 / (bhck1754-q2 + bhck1773-q2 - bhcka511-q2)) - (bhck0383-q1 / (bhck1754-q1 + bhck1773-q1 - bhcka511-q1))) * 100 ge -30 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-BM2a     | BHCK0383    | HC-BM2a should not be null and should not be negative.  | bhck0383 ne null and bhck0383 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-BM2b     | BHCK0384    | HC-BM2b should not be null and should not be negative.  | bhck0384 ne null and bhck0384 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-BM2c     | BHCK0387    | HC-BM2c should not be null and should not be negative.  | bhck0387 ne null and bhck0387 ge 0  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Intraseries | 5900        | HC-BM3      | BHCK1778    | For June, September, December, HC-BM3 (current) should be greater than or equal to HC-BM3 (previous).                             | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then bhck1778-q1 ge bhck1778-q2                                       |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-BM3      | BHCK1778    | HC-BM3 should not be null and should not be negative.   | bhck1778 ne null and bhck1778 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Intraseries | 5940        | HC-BM4a     | BHCK8782    | If HC-BM4a (previous) is greater than or equal to \$1 million, then HC-BM4a (current) should be greater than zero.                | if (bhck8782-q2 ge 1000) then bhck8782-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-BM4a     | BHCK8782    | HC-BM4a should not be null and should not be negative.  | bhck8782 ne null and bhck8782 ge 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality     | 5945        | HC-BM4b     | BHCK8783    | If HC-BM4a is greater than zero and HC-BM4b is greater than zero, then HC-BM4b divided by HC-BM4a should be within 75% - 150%.    | if (bhck8782 gt 0 and bhck8783 gt 0) then ((bhck8783/bhck8782)*100) ge 75 and ((bhck8783/bhck8782)*100) le 150       |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-BM4b     | BHCK8783    | HC-BM4b should not be null and should not be negative.  | bhck8783 ne null and bhck8783 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5aA    | BHCKB838    | HC-BM5aA should not be negative.  | bhckb838 ge 0 or bhckb838 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality     | 5950        | HC-BM5aB    | BHCKB839    | If HC-12 is greater \$1 billion and HC-BM5aA is greater than zero, then HC-BM5aB divided by HC-BM5aA should be within 75% - 150%. | if (bhck2170 gt 1000000 and bhckb838 gt 0) then ((bhckb839/bhckb838)*100) ge 75 and ((bhckb839/bhckb838)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5aB    | BHCKB839    | HC-BM5aB should not be negative.  | bhckb839 ge 0 or bhckb839 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5aC    | BHCKB840    | HC-BM5aC should not be negative.  | bhckb840 ge 0 or bhckb840 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality     | 5952        | HC-BM5aD    | BHCKB841    | If HC-12 is greater \$1 billion and HC-BM5aC is greater than zero, then HC-BM5aD divided by HC-BM5aC should be within 75% - 150%. | if (bhck2170 gt 1000000 and bhckb840 gt 0) then ((bhckb841/bhckb840)*100) ge 75 and ((bhckb841/bhckb840)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5aD    | BHCKB841    | HC-BM5aD should not be negative.  | bhckb841 ge 0 or bhckb841 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5bA    | BHCKB842    | HC-BM5bA should not be negative.  | bhckb842 ge 0 or bhckb842 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality     | 5954        | HC-BM5bB    | BHCKB843    | If HC-12 is greater \$1 billion and HC-BM5bA is greater than zero, then HC-BM5bB divided by HC-BM5bA should be within 75% - 150%. | if (bhck2170 gt 1000000 and bhckb842 gt 0) then ((bhckb843/bhckb842)*100) ge 75 and ((bhckb843/bhckb842)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5bB    | BHCKB843    | HC-BM5bB should not be negative.  | bhckb843 ge 0 or bhckb843 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5bC    | BHCKB844    | HC-BM5bC should not be negative.  | bhckb844 ge 0 or bhckb844 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality     | 5956        | HC-BM5bD    | BHCKB845    | If HC-12 is greater \$1 billion and HC-BM5bC is greater than zero, then HC-BM5bD divided by HC-BM5bC should be within 75% - 150%. | if (bhck2170 gt 1000000 and bhckb844 gt 0) then ((bhckb845/bhckb844)*100) ge 75 and ((bhckb845/bhckb844)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5bD    | BHCKB845    | HC-BM5bD should not be negative.  | bhckb845 ge 0 or bhckb845 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5cA    | BHCKB846    | HC-BM5cA should not be negative.  | bhckb846 ge 0 or bhckb846 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality     | 5958        | HC-BM5cB    | BHCKB847    | If HC-12 is greater \$1 billion and HC-BM5cA is greater than zero, then HC-BM5cB divided by HC-BM5cA should be within 75% - 150%. | if (bhck2170 gt 1000000 and bhckb846 gt 0) then ((bhckb847/bhckb846)*100) ge 75 and ((bhckb847/bhckb846)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5cB    | BHCKB847    | HC-BM5cB should not be negative.  | bhckb847 ge 0 or bhckb847 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5cC    | BHCKB848    | HC-BM5cC should not be negative.  | bhckb848 ge 0 or bhckb848 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality     | 5960        | HC-BM5cD    | BHCKB849    | If HC-12 is greater \$1 billion and HC-BM5cC is greater than zero, then HC-BM5cD divided by HC-BM5cC should be within 75% - 150%. | if (bhck2170 gt 1000000 and bhckb848 gt 0) then ((bhckb849/bhckb848)*100) ge 75 and ((bhckb849/bhckb848)*100) le 150 |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9404        | HC-BM5cD    | BHCKB849    | HC-BM5cD should not be negative.  | bhckb849 ge 0 or bhckb849 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9404        | HC-BM5dA    | BHCKB850    | HC-BM5dA should not be negative.  | bhckb850 ge 0 or bhckb850 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5962        | HC-BM5dB    | BHCKB851    | If HC-12 is greater \$1 billion and HC-BM5dA is greater than zero, then HC-BM5dB divided by HC-BM5dA should be within 75% - 150%. | if (bhck2170 gt 1000000 and bhckb850 gt 0) then ((bhckb851/bhckb850)*100) ge 75 and ((bhckb851/bhckb850)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9404        | HC-BM5dB    | BHCKB851    | HC-BM5dB should not be negative.  | bhckb851 ge 0 or bhckb851 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9404        | HC-BM5dC    | BHCKB852    | HC-BM5dC should not be negative.  | bhckb852 ge 0 or bhckb852 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5964        | HC-BM5dD    | BHCKB853    | If HC-12 is greater \$1 billion and HC-BM5dC is greater than zero, then HC-BM5dD divided by HC-BM5dC should be within 75% - 150%. | if (bhck2170 gt 1000000 and bhckb852 gt 0) then ((bhckb853/bhckb852)*100) ge 75 and ((bhckb853/bhckb852)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9404        | HC-BM5dD    | BHCKB853    | HC-BM5dD should not be negative.  | bhckb853 ge 0 or bhckb853 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9404        | HC-BM5eA    | BHCKB854    | HC-BM5eA should not be negative.  | bhckb854 ge 0 or bhckb854 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5966        | HC-BM5eB    | BHCKB855    | If HC-12 is greater \$1 billion and HC-BM5eA is greater than zero, then HC-BM5eB divided by HC-BM5eA should be within 75% - 150%. | if (bhck2170 gt 1000000 and bhckb854 gt 0) then ((bhckb855/bhckb854)*100) ge 75 and ((bhckb855/bhckb854)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9404        | HC-BM5eB    | BHCKB855    | HC-BM5eB should not be negative.  | bhckb855 ge 0 or bhckb855 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9404        | HC-BM5eC    | BHCKB856    | HC-BM5eC should not be negative.  | bhckb856 ge 0 or bhckb856 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5968        | HC-BM5eD    | BHCKB857    | If HC-12 is greater \$1 billion and HC-BM5eC is greater than zero, then HC-BM5eD divided by HC-BM5eC should be within 75% - 150%. | if (bhck2170 gt 1000000 and bhckb856 gt 0) then ((bhckb857/bhckb856)*100) ge 75 and ((bhckb857/bhckb856)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9404        | HC-BM5eD    | BHCKB857    | HC-BM5eD should not be negative.  | bhckb857 ge 0 or bhckb857 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9404        | HC-BM5fA    | BHCKB858    | HC-BM5fA should not be negative.  | bhckb858 ge 0 or bhckb858 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5970        | HC-BM5fB    | BHCKB859    | If HC-12 is greater \$1 billion and HC-BM5fA is greater than zero, then HC-BM5fB divided by HC-BM5fA should be within 75% - 150%. | if (bhck2170 gt 1000000 and bhckb858 gt 0) then ((bhckb859/bhckb858)*100) ge 75 and ((bhckb859/bhckb858)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9404        | HC-BM5fB    | BHCKB859    | HC-BM5fB should not be negative.  | bhckb859 ge 0 or bhckb859 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9404        | HC-BM5fC    | BHCKB860    | HC-BM5fC should not be negative.  | bhckb860 ge 0 or bhckb860 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-B     | Quality   | 5972        | HC-BM5fD    | BHCKB861    | If HC-12 is greater \$1 billion and HC-BM5fC is greater than zero, then HC-BM5fD divided by HC-BM5fC should be within 75% - 150%. | if (bhck2170 gt 1000000 and bhckb860 gt 0) then ((bhckb861/bhckb860)*100) ge 75 and ((bhckb861/bhckb860)*100) le 150 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-B     | Quality   | 9404        | HC-BM5fD    | BHCKB861    | HC-BM5fD should not be negative.  | bhckb861 ge 0 or bhckb861 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality   | 9406        | HC-C1A      | BHCK1410    | HC-C1A should not be null and should not be negative.   | bhck1410 ne null and bhck1410 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality   | 0396        | HC-C1a1B    | BHCKF158    | Sum of HC-NM1a1A through HC-NM1a1C should be less than or equal to 15% of HC-C1a1B.   | (bhdmk105 + bhdmk106 + bhdmk107) le (bhckf158 * 0.15)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality   | 9406        | HC-C1a1B    | BHCKF158    | HC-C1a1B should not be null and should not be negative.   | bhckf158 ne null and bhckf158 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality   | 0412        | HC-C1a2B    | BHCKF159    | Sum of HC-NM1a2A through HC-NM1a2C should be less than or equal to 15% of HC-C1a2B.   | (bhdmk108 + bhdmk109 + bhdmk110) le (bhckf159 * 0.15)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality   | 9406        | HC-C1a2B    | BHCKF159    | HC-C1a2B should not be null and should not be negative.   | bhckf159 ne null and bhckf159 ge 0   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0473        | HC-C1bB     | BHDM1420    | Sum of HC-NM1f1A through HC-NM1f1C should be less than or equal to 15% of HC-C1bB.  | (bhdmk130 + bhdmk131 + bhdmk132) le (bhdm1420 * 0.15)  |
| FRY9C  | 20090331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-C1bB     | BHDM1420    | HC-C1bB should not be null and should not be negative.  | bhdm1420 ne null and bhdm1420 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C1c1B    | BHDM1797    | HC-C1c1B should not be null and should not be negative.   | bhdm1797 ne null and bhdm1797 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 5973        | HC-C1c2aB   | BHDM5367    | If the sum of HC-P1a, HC-P2a, and HC-P4a is greater than zero, then HC-C1c2aB should be greater than zero.  | if (bhckf066 + bhckf068 + bhckf072) gt 0 then bhdm5367 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C1c2aB   | BHDM5367    | HC-C1c2aB should not be null and should not be negative.  | bhdm5367 ne null and bhdm5367 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0162        | HC-C1c2bB   | BHDM5368    | Sum of HC-NM1bA through HC-NM1bC should be less than or equal to 15% of the sum HC-C1c1B through HC-C1c2bB.   | (bhckf661 + bhckf662 + bhckf663) le ((bhdm1797 + bhdm5367 + bhdm5368) * 0.15)                                  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 5974        | HC-C1c2bB   | BHDM5368    | If the sum of HC-P1b, HC-P2b, and HC-P4b is greater than zero, then HC-C1c2bB should be greater than zero.  | if (bhckf067 + bhckf069 + bhckf073) gt 0 then bhdm5368 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Intraseries | 5975        | HC-C1c2bB   | BHDM5368    | If HC-C1c2aB (previous) minus HC-C1c2bB (previous) is greater than \$1 million and HC-C1c2bB (current) is greater than zero, then HC-C1c2aB (current) divided by HC-C1c2bB (current) should be greater than 80 %. | if ((bhdm5367-q2 - bhdm5368-q2) gt 1000 and (bhdm5368-q1 gt 0)) then ((bhdm5367-q1 / bhdm5368-q1) * 100 gt 80) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Intraseries | 5980        | HC-C1c2bB   | BHDM5368    | If HC-C1c2bB (previous) minus HC-C1c2aB (previous) is greater than \$1 million and HC-C1c2aB (current) is greater than zero, then HC-C1c2bB (current) divided by HC-C1c2aB (current) should be greater than 80 %. | if ((bhdm5368-q2 - bhdm5367-q2) gt 1000 and (bhdm5367-q1 gt 0)) then ((bhdm5368-q1 / bhdm5367-q1) * 100 gt 80) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C1c2bB   | BHDM5368    | HC-C1c2bB should not be null and should not be negative.  | bhdm5368 ne null and bhdm5368 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0413        | HC-C1dB     | BHDM1460    | Sum of HC-NM1cA through HC-NM1cC should be less than or equal to 15% of HC-C1dB.  | (bhdmk111 + bhdmk112 + bhdmk113) le (bhdm1460 * 0.15)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C1dB     | BHDM1460    | HC-C1dB should not be null and should not be negative.  | bhdm1460 ne null and bhdm1460 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0414        | HC-C1e1B    | BHCKF160    | Sum of HC-NM1d1A through HC-NM1d1C should be less than or equal to 15% of HC-C1e1B.   | (bhdmk114 + bhdmk115 + bhdmk116) le (bhckf160 * 0.15)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C1e1B    | BHCKF160    | HC-C1e1B should not be null and should not be negative.   | bhckf160 ne null and bhckf160 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0415        | HC-C1e2B    | BHCKF161    | Sum of HC-NM1d2A through HC-NM1d2C should be less than or equal to 15% of HC-C1e2B.   | (bhdmk117 + bhdmk118 + bhdmk119) le (bhckf161 * 0.15)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C1e2B    | BHCKF161    | HC-C1e2B should not be null and should not be negative.   | bhckf161 ne null and bhckf161 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C2B      | BHDM1288    | HC-C2B should not be null and should not be negative.   | bhdm1288 ne null and bhdm1288 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C2aA     | BHCK1292    | HC-C2aA should not be null and should not be negative.  | bhck1292 ne null and bhck1292 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0474        | HC-C2bA     | BHCK1296    | Sum of HC-NM1f2A through HC-NM1f2C should be less than or equal to 15% of the sum of HC-C2aA and HC-C2bA.   | (bhckk134 + bhckk135 + bhckk136) le ((bhck1292 + bhck1296) * 0.15)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C2bA     | BHCK1296    | HC-C2bA should not be null and should not be negative.  | bhck1296 ne null and bhck1296 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0475        | HC-C3A      | BHCK1590    | Sum of HC-NM1f3A through HC-NM1f3C should be less than or equal to 15% of HC-C3A.   | (bhckk138 + bhckk139 + bhckk140) le (bhck1590 * 0.15)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C3A      | BHCK1590    | HC-C3A should not be null and should not be negative.   | bhck1590 ne null and bhck1590 ge 0   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C3B      | BHDM1590    | HC-C3B should not be null and should not be negative.   | bhdm1590 ne null and bhdm1590 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0416        | HC-C4aA     | BHCK1763    | Sum of HC-NM1e1A through HC-NM1e1C should be less than or equal to 15% of HC-C4aA.  | (bhckk120 + bhckk121 + bhckk122) le (bhck1763 * 0.15)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C4aA     | BHCK1763    | HC-C4aA should not be null and should not be negative.  | bhck1763 ne null and bhck1763 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C4B      | BHDM1766    | HC-C4B should not be null and should not be negative.   | bhdm1766 ne null and bhdm1766 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0417        | HC-C4bA     | BHCK1764    | Sum of HC-NM1e2A through HC-NM1e2C should be less than or equal to 15% of HC-C4bA.  | (bhckk123 + bhckk124 + bhckk125) le (bhck1764 * 0.15)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C4bA     | BHCK1764    | HC-C4bA should not be null and should not be negative.  | bhck1764 ne null and bhck1764 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C6B      | BHDM1975    | HC-C6B should not be null and should not be negative.   | bhdm1975 ne null and bhdm1975 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0476        | HC-C6aA     | BHCKB538    | Sum of HC-NM1f4aA through HC-NM1f4aC should be less than or equal to 15% of HC-C6aA.  | (bhckk274 + bhckk275 + bhckk276) le (bhckb538 * 0.15)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 5985        | HC-C6aA     | BHCKB538    | For March, if the sum of HI-B(I)5aA and HI-B(I)5aB is greater than \$25 thousand, then HC-C6aA should be greater than zero.   | if (mm-q1 eq 03) and ((bhckb514 + bhckb515) gt 25) then bhckb538 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Intraseries | 5987        | HC-C6aA     | BHCKB538    | For June, September, and December, if the sum of HI-B(I)5aA and HI-B(I)5aB (current minus previous) is greater than \$25 thousand, then HC-C6aA (current) should be greater than zero.                        | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and ((bhckb514-q1 + bhckb515-q1) - (bhckb514-q2 + bhckb515-q2) gt 25) then bhckb538-q1 gt 0                 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C6aA     | BHCKB538    | HC-C6aA should not be null and should not be negative.  | bhckb538 ne null and bhckb538 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C6bA     | BHCKB539    | HC-C6bA should not be null and should not be negative.  | bhckb539 ne null and bhckb539 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0477        | HC-C6cA     | BHCKK137    | Sum of HC-NM1f4bA through HC-NM1f4bC should be less than or equal to 15% of HC-C6cA.  | (bhckk277 + bhckk278 + bhckk279) le (bhckk137 * 0.15)  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 6000        | HC-C6cA     | BHCKK137    | For March, if the sum of HI-B(I)5bA and HI-B(I)5bB is greater than \$25 thousand, then HC-C6cA should be greater than zero.   | if (mm-q1 eq 03) and ((bhckk129 + bhckk133) gt 25) then bhckk137 gt 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Intraseries | 6003        | HC-C6cA     | BHCKK137    | For June, September, and December, if the sum of HI-B(I)5bA and HI-B(I)5bB (current minus previous) is greater than \$25 thousand, then HC-C6cA (current) should be greater than zero.                        | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and ((bhckk129-q1 + bhckk133-q1) - (bhckk129-q2 + bhckk133-q2) gt 25) then bhckk137-q1 gt 0                 |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 9406        | HC-C6cA     | BHCKK137    | HC-C6cA should not be null and should not be negative.  | bhckk137 ne null and bhckk137 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0397        | HC-C6dA     | BHCKK207    | For March, if the sum of HI-B(I)5cA and HI-B(I)5cB is greater than \$25 thousand, then the sum of HC-C6bA and HC-C6dA should be greater than zero.  | if (mm-q1 eq 03) and ((bhckk205 + bhckk206) gt 25) then (bhckb539 + bhckk207) gt 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0397        | HC-C6dA     | BHCKK207    | For June, September, and December, if the sum of HI-B(I)5cA and HI-B(I)5cB (current minus previous) is greater than \$25 thousand, then the sum of HC-C6bA and HC-C6dA (current) should be greater than zero. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and ((bhckk205-q1 + bhckk206-q1) - (bhckk205-q2 + bhckk206-q2) gt 25) then (bhckb539-q1 + bhckk207-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0478        | HC-C6dA     | BHCKK207    | Sum of HC-NM1f4cA through HC-NM1f4cC should be less than or equal to 15% of the sum of HC-C6bA and HC-C6dA.   | (bhckk280 + bhckk281 + bhckk282) le ((bhckb539 + bhckk207) * 0.15)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-C6dA     | BHCKK207    | HC-C6dA should not be null and should not be negative.  | bhckk207 ne null and bhckk207 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0479        | HC-C7A      | BHCK2081    | Sum of HC-NM1f5A through HC-NM1f5C should be less than or equal to 15% of HC-C7A.   | (bhckk283 + bhckk284 + bhckk285) le (bhck2081 * 0.15)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C7A      | BHCK2081    | HC-C7A should not be null and should not be negative.   | bhck2081 ne null and bhck2081 ge 0   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C7B      | BHDM2081    | HC-C7B should not be null and should not be negative.   | bhdm2081 ne null and bhdm2081 ge 0  |
| FRY9C  | 20100331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-C9aA     | BHCKJ454    | HC-C9aA should not be null and should not be negative.  | bhckj454 ne null and bhckj454 ge 0  |
| FRY9C  | 20100331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-C9aB     | BHDMJ454    | HC-C9aB should not be null and should not be negative.  | bhdmj454 ne null and bhdmj454 ge 0  |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-C     | Quality     | 9406        | HC-C9b1A    | BHCK1545    | HC-C9b1A should not be null and should not be negative.   | bhck1545 ne null and bhck1545 ge 0  |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-C     | Quality     | 9406        | HC-C9b1B    | BHDM1545    | HC-C9b1B should not be null and should not be negative.   | bhdm1545 ne null and bhdm1545 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0439        | HC-C9b2A    | BHCKJ451    | Sum of HC-NM1fA through HC-NM1fC should be less than or equal to 15% of the sum of HC-C1A, HC-C2aA through HC-C3A, HC-C6aA through HC-C7A and HC-C9aA through HC-C9b2A minus the sum of HC-C1a1B, HC-C1a2B and HC-C1c1B through HC-C1e2B. | $(bhckk126 + bhckk127 + bhckk128) \le ((bhck1410 + bhck1292 + bhck1296 + bhck1590 + bhckb538 + bhckb539 + bhckk137 + bhckk207 + bhck2081 + bhckj454 + bhck1545 + bhckj451) - (bhckf158 + bhckf159 + bhd1797 + bhd5367 + bhd5368 + bhd1460 + bhckf160 + bhckf161) * 0.15)$ |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0480        | HC-C9b2A    | BHCKJ451    | Sum of HC-NM1f6A through HC-NM1f6C should be less than or equal to 15% of the sum of HC-C1A, and HC-C9aA through HC-C9b2A minus the sum of HC-C1a1B through HC-C1e2B.   | $(bhckk286 + bhckk287 + bhckk288) \le ((bhck1410 + bhckj454 + bhck1545 + bhckj451) - (bhckf158 + bhckf159 + bhd1420 + bhd1797 + bhd5367 + bhd5368 + bhd1460 + bhckf160 + bhckf161) * 0.15)$   |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-C     | Quality     | 9406        | HC-C9b2A    | BHCKJ451    | HC-C9b2A should not be null and should not be negative.   | bhckj451 ne null and bhckj451 ge 0  |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-C     | Quality     | 9406        | HC-C9b2B    | BHDMJ451    | HC-C9b2B should not be null and should not be negative.   | bhdmj451 ne null and bhdmj451 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C10B     | BHDM2165    | HC-C10B should not be null and should not be negative.  | bhdm2165 ne null and bhdm2165 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C10aA    | BHCKF162    | HC-C10aA should not be null and should not be negative.   | bhckf162 ne null and bhckf162 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C10bA    | BHCKF163    | HC-C10bA should not be null and should not be negative.   | bhckf163 ne null and bhckf163 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C11A     | BHCK2123    | HC-C11A should not be null and should not be negative.  | bhck2123 ne null and bhck2123 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C11B     | BHDM2123    | HC-C11B should not be null and should not be negative.  | bhdm2123 ne null and bhdm2123 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C12A     | BHCK2122    | HC-C12A should not be null and should not be negative.  | bhck2122 ne null and bhck2122 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-C12B     | BHDM2122    | HC-C12B should not be null and should not be negative.  | bhdm2122 ne null and bhdm2122 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0401        | HC-CM1a1    | BHDMK158    | If HC-CM1a1 (previous) is greater than zero, then HC-CM1a1 (current) should be greater than zero.   | if bhdmk158-q2 gt 0 then bhdmk158-q1 gt 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-CM1a1    | BHDMK158    | HC-CM1a1 should not be null and should not be negative.   | bhdmk158 ne null and bhdmk158 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0402        | HC-CM1a2    | BHDMK159    | If HC-CM1a2 (previous) is greater than zero, then HC-CM1a2 (current) should be greater than zero.   | if bhdmk159-q2 gt 0 then bhdmk159-q1 gt 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-CM1a2    | BHDMK159    | HC-CM1a2 should not be null and should not be negative.   | bhdmk159 ne null and bhdmk159 ge 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Intraseries | 0145        | HC-CM1b     | BHDMF576    | If HC-CM1b (previous) is greater than zero, then HC-CM1b (current) should be greater than zero.   | if bhdmf576-q2 gt 0 then bhdmf576-q1 gt 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 9406        | HC-CM1b     | BHDMF576    | HC-CM1b should not be null and should not be negative.  | bhdmf576 ne null and bhdmf576 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0403        | HC-CM1c     | BHDMK160    | If HC-CM1c (previous) is greater than zero, then HC-CM1c (current) should be greater than zero.   | if bhdmk160-q2 gt 0 then bhdmk160-q1 gt 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-CM1c     | BHDMK160    | HC-CM1c should not be null and should not be negative.  | bhdmk160 ne null and bhdmk160 ge 0  |

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| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0404        | HC-CM1d1    | BHDMK161    | If HC-CM1d1 (previous) is greater than zero, then HC-CM1d1 (current) should be greater than zero.          | if bhdmk161-q2 gt 0 then bhdmk161-q1 gt 0           |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-CM1d1    | BHDMK161    | HC-CM1d1 should not be null and should not be negative.  | bhdmk161 ne null and bhdmk161 ge 0                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0405        | HC-CM1d2    | BHDMK162    | If HC-CM1d2 (previous) is greater than zero, then HC-CM1d2 (current) should be greater than zero.          | if bhdmk162-q2 gt 0 then bhdmk162-q1 gt 0           |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-CM1d2    | BHDMK162    | HC-CM1d2 should not be null and should not be negative.  | bhdmk162 ne null and bhdmk162 ge 0                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0406        | HC-CM1e1    | BHCKK163    | If HC-CM1e1 (previous) is greater than zero, then HC-CM1e1 (current) should be greater than zero.          | if bhckk163-q2 gt 0 then bhckk163-q1 gt 0           |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-CM1e1    | BHCKK163    | HC-CM1e1 should not be null and should not be negative.  | bhckk163 ne null and bhckk163 ge 0                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0407        | HC-CM1e2    | BHCKK164    | If HC-CM1e2 (previous) is greater than zero, then HC-CM1e2 (current) should be greater than zero.          | if bhckk164-q2 gt 0 then bhckk164-q1 gt 0           |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-CM1e2    | BHCKK164    | HC-CM1e2 should not be null and should not be negative.  | bhckk164 ne null and bhckk164 ge 0                  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Intraseries | 6010        | HC-CM1f     | BHCKK165    | If HC-CM1f (previous) is greater than zero, then HC-CM1f (current) should be greater than zero.            | if bhckk165-q2 gt 0 then bhckk165-q1 gt 0           |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 9406        | HC-CM1f     | BHCKK165    | HC-CM1f should not be null and should not be negative.   | bhckk165 ne null and bhckk165 ge 0                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0450        | HC-CM1f1    | BHDMK166    | If HC-CM1f1 (previous) is greater than zero, then HC-CM1f1 (current) should be greater than zero.          | if bhdmk166-q2 gt 0 then bhdmk166-q1 gt 0           |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-CM1f1    | BHDMK166    | HC-CM1f1 should not be null and should not be negative.  | bhdmk166 ne null and bhdmk166 ge 0                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0451        | HC-CM1f2    | BHCKK167    | If HC-CM1f2 (previous) is greater than zero, then HC-CM1f2 (current) should be greater than zero.          | if bhckk167-q2 gt 0 then bhckk167-q1 gt 0           |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-CM1f2    | BHCKK167    | HC-CM1f2 should not be null and should not be negative.  | bhckk167 ne null and bhckk167 ge 0                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0452        | HC-CM1f3    | BHCKK168    | If HC-CM1f3 (previous) is greater than zero, then HC-CM1f3 (current) should be greater than zero.          | if bhckk168-q2 gt 0 then bhckk168-q1 gt 0           |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-CM1f3    | BHCKK168    | HC-CM1f3 should not be null and should not be negative.  | bhckk168 ne null and bhckk168 ge 0                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0453        | HC-CM1f4a   | BHCKK098    | If HC-CM1f4a (previous) is greater than zero, then HC-CM1f4a (current) should be greater than zero.        | if bhckk098-q2 gt 0 then bhckk098-q1 gt 0           |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-CM1f4a   | BHCKK098    | HC-CM1f4a should not be null and should not be negative.   | bhckk098 ne null and bhckk098 ge 0                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0454        | HC-CM1f4b   | BHCKK203    | If HC-CM1f4b (previous) is greater than zero, then HC-CM1f4b (current) should be greater than zero.        | if bhckk203-q2 gt 0 then bhckk203-q1 gt 0           |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-CM1f4b   | BHCKK203    | HC-CM1f4b should not be null and should not be negative.   | bhckk203 ne null and bhckk203 ge 0                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0455        | HC-CM1f4c   | BHCKK204    | If HC-CM1f4c (previous) is greater than zero, then HC-CM1f4c (current) should be greater than zero.        | if bhckk204-q2 gt 0 then bhckk204-q1 gt 0           |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-CM1f4c   | BHCKK204    | HC-CM1f4c should not be null and should not be negative.   | bhckk204 ne null and bhckk204 ge 0                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0456        | HC-CM1f5    | BHCKK212    | If HC-CM1f5 (previous) is greater than zero, then HC-CM1f5 (current) should be greater than zero.          | if bhckk212-q2 gt 0 then bhckk212-q1 gt 0           |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-CM1f5    | BHCKK212    | HC-CM1f5 should not be null and should not be negative.  | bhckk212 ne null and bhckk212 ge 0                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0457        | HC-CM1f6    | BHCKK267    | If HC-CM1f6 (previous) is greater than zero, then HC-CM1f6 (current) should be greater than zero.          | if bhckk267-q2 gt 0 then bhckk267-q1 gt 0           |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 9406        | HC-CM1f6    | BHCKK267    | HC-CM1f6 should not be null and should not be negative.  | bhckk267 ne null and bhckk267 ge 0                  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Intraseries | 6012        | HC-CM2      | BHCK2746    | If HC-CM2 (previous) minus \$500k is greater than zero, then HC-CM2 (current) should be greater than zero. | if (bhck2746-q2 - 500) gt 0 then (bhck2746-q1 gt 0) |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 6017        | HC-CM2      | BHCK2746    | For March, if the sum of HI-B(I)M1A and HI-B(I)M1B is greater than \$25 thousand, then HC-CM2 should be greater than zero.  | if (mm-q1 eq 03) and ((bhck5409 + bhck5410) gt 25) then bhck2746 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Intraseries | 6018        | HC-CM2      | BHCK2746    | For June, September, and December, if the sum of HI-B(I)M1A and HI-B(I)M1B (current minus previous) is greater than \$25 thousand, then HC-CM2 (current) should be greater than zero.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and ((bhck5409-q1 + bhck5410-q1) - (bhck5409-q2 + bhck5410-q2) gt 25) then bhck2746-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-CM2      | BHCK2746    | HC-CM2 should not be null and should not be negative.   | bhck2746 ne null and bhck2746 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Intraseries | 6019        | HC-CM3      | BHCKB837    | If HC-CM3 (previous) is greater than zero, then HC-CM3 (current) should be greater than zero.   | if (bhckb837-q2 gt 0) then (bhckb837-q1 gt 0)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-CM3      | BHCKB837    | HC-CM3 should not be null and should not be negative.   | bhckb837 ne null and bhckb837 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 6020        | HC-CM4      | BHCKC391    | If the sum of (HC-C6aA, HC-S1C, and HC-S6aC) is greater than \$500 million or [the sum of (HC-C6aA and HC-S1C) divided by the sum of (HC-C12A and HC-S1C) is greater than 50% and the sum of (HC-C12A and HC-S1C) divided by the sum of (HC-12 and HC-S1C) is greater than 50%], then HC-CM4 should be greater than zero. | if ((bhckb538 + bhckb707 + bhckb762) gt 500000) or (((bhckb538 + bhckb707) / (bhck2122 + bhckb707)) * 100) gt 50 and (((bhck2122 + bhckb707) / (bhck2170 + bhckb707)) * 100) gt 50 then bhckc391 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9410        | HC-CM4      | BHCKC391    | HC-CM4 should not be negative.  | bhckc391 ge 0 or bhckc391 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 6022        | HC-CM5a     | BHCKC779    | If HC-CM5b is greater than zero, then HC-CM5a should be greater than zero.  | if bhck780 gt 0 then bhckc779 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 6023        | HC-CM5a     | BHCKC779    | HC-CM5a should be greater than or equal to HC-CM5b.   | bhckc779 ge bhckc780  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9420        | HC-CM5a     | BHCKC779    | HC-CM5a should not be null and should not be negative.  | bhckc779 ne null and bhckc779 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 6024        | HC-CM5b     | BHCKC780    | If HC-CM5a is greater than zero, then HC-CM5b should be greater than zero.  | if bhckc779 gt 0 then bhckc780 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 6025        | HC-CM5b     | BHCKC780    | If HC-CM5a is greater than zero, then HC-CM5a should not equal HC-CM5b.   | if bhckc779 gt 0 then bhckc779 ne bhckc780  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 6027        | HC-CM5b     | BHCKC780    | HC-CM5b should be less than or equal to the sum of HC-C1A through HC-C9b2A.   | bhckc780 le (bhck1410 + bhck1292 + bhck1296 + bhck1590 + bhck1763 + bhck1764 + bhckb538 + bhckb539 + bhckk137 + bhckk207 + bhck2081 + bhcki454 + bhck1545 + bhcki451)                                 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9420        | HC-CM5b     | BHCKC780    | HC-CM5b should not be null and should not be negative.  | bhckc780 ne null and bhckc780 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9420        | HC-CM6a     | BHCKF230    | HC-CM6a should not be null and should not be negative.  | bhckf230 ne null and bhckf230 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9421        | HC-CM6b     | BHCKF231    | HC-CM6b should not be negative.   | bhckf231 ge 0 or bhckf231 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 6028        | HC-CM6c     | BHCKF232    | If HC-CM6a is greater than \$100 million or greater than 5% of HC-C12B, then HC-CM6b and HC-CM6c should not be null and the sum of HC-CM6b and HC-CM6c should be greater than zero.   | if ((bhckf230 gt 100000) or (bhckf230 gt (0.05 * bhdm2122))) then (bhckf231 ne null and bhckf232 ne null and (bhckf231 + bhckf232 gt 0))  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 6029        | HC-CM6c     | BHCKF232    | HC-CM6c should be less than or equal 50% of HC-CM6a.  | bhckf232 le (0.50 * bhckf230)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 9421        | HC-CM6c     | BHCKF232    | HC-CM6c should not be negative.   | bhckf232 ge 0 or bhckf232 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 0163        | HC-CM9      | BHDMF577    | HC-CM9 should be less than or equal to 150% of the sum HC-N1c1A through HC-N1c2bC.  | bhdmf577 le (1.50 * (bhck5398 + bhck5399 + bhck5400 + bhckc236 + bhckc237 + bhckc229 + bhckc238 + bhckc239 + bhckc230))   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-----------------|-------------|---|---|
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0060        | HC-CM10aA       | BHCKF608    | If HC-CM10aA (previous) is not equal to zero or null, then HC-CM10aA (current) should not equal zero or null.             | if ((bhckf608-q2 ne 0) and (bhckf608-q2 ne null)) then ((bhckf608-q1 ne 0) and (bhckf608-q1 ne null)) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 0146        | HC-CM10aA       | BHCKF608    | HC-C1A should be greater than or equal to HC-CM10aA.  | bhck1410 ge bhckf608  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0164        | HC-CM10aA       | BHCKF608    | If HC-CM11aA is not equal to zero, then HC-CM10aA divided by HC-CM11aA should be within 60% to 140%.                      | if bhckf609 ne 0 then ((bhckf608 / bhckf609) * 100) ge 60 and ((bhckf608 / bhckf609) * 100) le 140    |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0063        | HC-CM10a1B      | BHDMF578    | If HC-CM10a1B (previous) is not equal to zero or null, then HC-CM10a1B (current) should not equal zero or null.           | if ((bhdmf578-q2 ne 0) and (bhdmf578-q2 ne null)) then ((bhdmf578-q1 ne 0) and (bhdmf578-q1 ne null)) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 0147        | HC-CM10a1B      | BHDMF578    | Sum of HC-C1a1B and HC-C1a2B should be greater than or equal to HC-CM10a1B.   | (bhckf158 + bhckf159) ge bhdmf578   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0165        | HC-CM10a1B      | BHDMF578    | If HC-CM11a1B is not equal to zero, then HC-CM10a1B divided by HC-CM11a1B should be within 60% to 140%.                   | if bhdmf590 ne 0 then ((bhdmf578 / bhdmf590) * 100) ge 60 and ((bhdmf578 / bhdmf590) * 100) le 140    |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0064        | HC-CM10a2B      | BHDMF579    | If HC-CM10a2B (previous) is not equal to zero or null, then HC-CM10a2B (current) should not equal zero or null.           | if ((bhdmf579-q2 ne 0) and (bhdmf579-q2 ne null)) then ((bhdmf579-q1 ne 0) and (bhdmf579-q1 ne null)) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 0148        | HC-CM10a2B      | BHDMF579    | HC-C1bB should be greater than or equal to HC-CM10a2B.  | bhdm1420 ge bhdmf579  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0166        | HC-CM10a2B      | BHDMF579    | If HC-CM11a2B is not equal to zero, then HC-CM10a2B divided by HC-CM11a2B should be within 60% to 140%.                   | if bhdmf591 ne 0 then ((bhdmf579 / bhdmf591) * 100) ge 60 and ((bhdmf579 / bhdmf591) * 100) le 140    |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0065        | HC-CM10a3aB     | BHDMF580    | If HC-CM10a3aB (previous) is not equal to zero or null, then HC-CM10a3aB (current) should not equal zero or null.         | if ((bhdmf580-q2 ne 0) and (bhdmf580-q2 ne null)) then ((bhdmf580-q1 ne 0) and (bhdmf580-q1 ne null)) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 0149        | HC-CM10a3aB     | BHDMF580    | HC-C1c1B should be greater than or equal to HC-CM10a3aB.  | bhdm1797 ge bhdmf580  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0167        | HC-CM10a3aB     | BHDMF580    | If HC-CM11a3aB is not equal to zero, then HC-CM10a3aB divided by HC-CM11a3aB should be within 60% to 140%.                | if bhdmf592 ne 0 then ((bhdmf580 / bhdmf592) * 100) ge 60 and ((bhdmf580 / bhdmf592) * 100) le 140    |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0066        | HC-CM10a3b(i)B  | BHDMF581    | If HC-CM10a3b(i)B (previous) is not equal to zero or null, then HC-CM10a3b(i)B (current) should not equal zero or null.   | if ((bhdmf581-q2 ne 0) and (bhdmf581-q2 ne null)) then ((bhdmf581-q1 ne 0) and (bhdmf581-q1 ne null)) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 0150        | HC-CM10a3b(i)B  | BHDMF581    | HC-C1c2aB should be greater than or equal to HC-CM10a3b(i)B.  | bhdm5367 ge bhdmf581  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0168        | HC-CM10a3b(i)B  | BHDMF581    | If HC-CM11a3b(i)B is not equal to zero, then HC-CM10a3b(i)B divided by HC-CM11a3b(i)B should be within 60% to 140%.       | if bhdmf593 ne 0 then ((bhdmf581 / bhdmf593) * 100) ge 60 and ((bhdmf581 / bhdmf593) * 100) le 140    |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0067        | HC-CM10a3b(ii)B | BHDMF582    | If HC-CM10a3b(ii)B (previous) is not equal to zero or null, then HC-CM10a3b(ii)B (current) should not equal zero or null. | if ((bhdmf582-q2 ne 0) and (bhdmf582-q2 ne null)) then ((bhdmf582-q1 ne 0) and (bhdmf582-q1 ne null)) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 0151        | HC-CM10a3b(ii)B | BHDMF582    | HC-C1c2bB should be greater than or equal to HC-CM10a3b(ii)B.   | bhdm5368 ge bhdmf582  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0169        | HC-CM10a3b(ii)B | BHDMF582    | If HC-CM11a3b(ii)B is not equal to zero, then HC-CM10a3b(ii)B divided by HC-CM11a3b(ii)B should be within 60% to 140%.    | if bhdmf594 ne 0 then ((bhdmf582 / bhdmf594) * 100) ge 60 and ((bhdmf582 / bhdmf594) * 100) le 140    |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0068        | HC-CM10a4B      | BHDMF583    | If HC-CM10a4B (previous) is not equal to zero or null, then HC-CM10a4B (current) should not equal zero or null.           | if ((bhdmf583-q2 ne 0) and (bhdmf583-q2 ne null)) then ((bhdmf583-q1 ne 0) and (bhdmf583-q1 ne null)) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 0152        | HC-CM10a4B      | BHDMF583    | HC-C1dB should be greater than or equal to HC-CM10a4B.  | bhdm1460 ge bhdmf583  |

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| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0170        | HC-CM10a4B  | BHDMF583    | If HC-CM11a4B is not equal to zero, then HC-CM10a4B divided by HC-CM11a4B should be within 60% to 140%.         | if bhdmf595 ne 0 then ((bhdmf583 / bhdmf595) * 100) ge 60 and ((bhdmf583 / bhdmf595) * 100) le 140    |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0069        | HC-CM10a5B  | BHDMF584    | If HC-CM10a5B (previous) is not equal to zero or null, then HC-CM10a5B (current) should not equal zero or null. | if ((bhdmf584-q2 ne 0) and (bhdmf584-q2 ne null)) then ((bhdmf584-q1 ne 0) and (bhdmf584-q1 ne null)) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 0153        | HC-CM10a5B  | BHDMF584    | Sum of HC-C1e1B and HC-C1e2B should be greater than or equal to HC-CM10a5B.                                     | (bhckf160 + bhckf161) ge bhdmf584   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0171        | HC-CM10a5B  | BHDMF584    | If HC-CM11a5B is not equal to zero, then HC-CM10a5B divided by HC-CM11a5B should be within 60% to 140%.         | if bhdmf596 ne 0 then ((bhdmf584 / bhdmf596) * 100) ge 60 and ((bhdmf584 / bhdmf596) * 100) le 140    |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0070        | HC-CM10bA   | BHCKF585    | If HC-CM10bA (previous) is not equal to zero or null, then HC-CM10bA (current) should not equal zero or null.   | if ((bhckf585-q2 ne 0) and (bhckf585-q2 ne null)) then ((bhckf585-q1 ne 0) and (bhckf585-q1 ne null)) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 0154        | HC-CM10bA   | BHCKF585    | Sum of HC-C4aA and HC-C4bA should be greater than or equal to HC-CM10bA.  | (bhck1763 + bhck1764) ge bhckf585   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0172        | HC-CM10bA   | BHCKF585    | If HC-CM11bA is not equal to zero, then HC-CM10bA divided by HC-CM11bA should be within 60% to 140%.            | if bhckf597 ne 0 then ((bhckf585 / bhckf597) * 100) ge 60 and ((bhckf585 / bhckf597) * 100) le 140    |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0071        | HC-CM10bB   | BHDMF585    | If HC-CM10bB (previous) is not equal to zero or null, then HC-CM10bB (current) should not equal zero or null.   | if ((bhdmf585-q2 ne 0) and (bhdmf585-q2 ne null)) then ((bhdmf585-q1 ne 0) and (bhdmf585-q1 ne null)) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 0155        | HC-CM10bB   | BHDMF585    | HC-C4B should be greater than or equal to HC-CM10bB.  | bhdm1766 ge bhdmf585  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0173        | HC-CM10bB   | BHDMF585    | If HC-CM11bB is not equal to zero, then HC-CM10bB divided by HC-CM11bB should be within 60% to 140%.            | if bhdmf597 ne 0 then ((bhdmf585 / bhdmf597) * 100) ge 60 and ((bhdmf585 / bhdmf597) * 100) le 140    |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0072        | HC-CM10c1A  | BHCKF586    | If HC-CM10c1A (previous) is not equal to zero or null, then HC-CM10c1A (current) should not equal zero or null. | if ((bhckf586-q2 ne 0) and (bhckf586-q2 ne null)) then ((bhckf586-q1 ne 0) and (bhckf586-q1 ne null)) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-C     | Quality     | 0156        | HC-CM10c1A  | BHCKF586    | HC-C6aA should be greater than or equal to HC-CM10c1A.  | bhckb538 ge bhckf586  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0174        | HC-CM10c1A  | BHCKF586    | If HC-CM11c1A is not equal to zero, then HC-CM10c1A divided by HC-CM11c1A should be within 60% to 140%.         | if bhckf598 ne 0 then ((bhckf586 / bhckf598) * 100) ge 60 and ((bhckf586 / bhckf598) * 100) le 140    |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0073        | HC-CM10c1B  | BHDMF586    | If HC-CM10c1B (previous) is not equal to zero or null, then HC-CM10c1B (current) should not equal zero or null. | if ((bhdmf586-q2 ne 0) and (bhdmf586-q2 ne null)) then ((bhdmf586-q1 ne 0) and (bhdmf586-q1 ne null)) |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0175        | HC-CM10c1B  | BHDMF586    | If HC-CM11c1B is not equal to zero, then HC-CM10c1B divided by HC-CM11c1B should be within 60% to 140%.         | if bhdmf598 ne 0 then ((bhdmf586 / bhdmf598) * 100) ge 60 and ((bhdmf586 / bhdmf598) * 100) le 140    |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0074        | HC-CM10c2A  | BHCKF587    | If HC-CM10c2A (previous) is not equal to zero or null, then HC-CM10c2A (current) should not equal zero or null. | if ((bhckf587-q2 ne 0) and (bhckf587-q2 ne null)) then ((bhckf587-q1 ne 0) and (bhckf587-q1 ne null)) |
| FRY9C  | 20090331             | 99991231           | Revised     | HC-C     | Quality     | 0157        | HC-CM10c2A  | BHCKF587    | HC-C6bA should be greater than or equal to HC-CM10c2A.  | bhckb539 ge bhckf587  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0176        | HC-CM10c2A  | BHCKF587    | If HC-CM11c2A is not equal to zero, then HC-CM10c2A divided by HC-CM11c2A should be within 60% to 140%.         | if bhckf599 ne 0 then ((bhckf587 / bhckf599) * 100) ge 60 and ((bhckf587 / bhckf599) * 100) le 140    |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0075        | HC-CM10c2B  | BHDMF587    | If HC-CM10c2B (previous) is not equal to zero or null, then HC-CM10c2B (current) should not equal zero or null. | if ((bhdmf587-q2 ne 0) and (bhdmf587-q2 ne null)) then ((bhdmf587-q1 ne 0) and (bhdmf587-q1 ne null)) |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0177        | HC-CM10c2B  | BHDMF587    | If HC-CM11c2B is not equal to zero, then HC-CM10c2B divided by HC-CM11c2B should be within 60% to 140%.         | if bhdmf599 ne 0 then ((bhdmf587 / bhdmf599) * 100) ge 60 and ((bhdmf587 / bhdmf599) * 100) le 140    |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test   | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Intraseries | 0076        | HC-CM10c3A  | BHCKK196    | If HC-CM10c3A (previous) is not equal to zero or null, then HC-CM10c3A (current) should not equal zero or null.                     | if ((bhckk196-q2 ne 0) and (bhckk196-q2 ne null)) then ((bhckk196-q1 ne 0) and (bhckk196-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0158        | HC-CM10c3A  | BHCKK196    | HC-C6cA should be greater than or equal to HC-CM10c3A.  | bhckk137 ge bhckk196   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0178        | HC-CM10c3A  | BHCKK196    | If HC-CM11c3A is not equal to zero, then HC-CM10c3A divided by HC-CM11c3A should be within 60% to 140%.                             | if bhckk195 ne 0 then ((bhckk196 / bhckk195) * 100) ge 60 and ((bhckk196 / bhckk195) * 100) le 140                     |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Intraseries | 0079        | HC-CM10c3B  | BHDMK196    | If HC-CM10c3B (previous) is not equal to zero or null, then HC-CM10c3B (current) should not equal zero or null.                     | if ((bhdmk196-q2 ne 0) and (bhdmk196-q2 ne null)) then ((bhdmk196-q1 ne 0) and (bhdmk196-q1 ne null))                  |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-C     | Quality     | 0179        | HC-CM10c3B  | BHDMK196    | If HC-CM11c3B is not equal to zero, then HC-CM10c3B divided by HC-CM11c3B should be within 60% to 140%.                             | if bhdmk195 ne 0 then ((bhdmk196 / bhdmk195) * 100) ge 60 and ((bhdmk196 / bhdmk195) * 100) le 140                     |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0404        | HC-CM10c4A  | BHCKK208    | HC-C6dA should be greater than or equal to HC-CM10c4A.  | bhckk207 ge bhckk208   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0408        | HC-CM10c4A  | BHCKK208    | If HC-CM10c4A (previous) is not equal to zero or null, then HC-CM10c4A (current) should not equal zero or null.                     | if ((bhckk208-q2 ne 0) and (bhckk208-q2 ne null)) then ((bhckk208-q1 ne 0) and (bhckk208-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0418        | HC-CM10c4A  | BHCKK208    | If HC-CM11c4A is not equal to zero, then HC-CM10c4A divided by HC-CM11c4A should be within 60% to 140%.                             | if bhckk209 ne 0 then ((bhckk208 / bhckk209) * 100) ge 60 and ((bhckk208 / bhckk209) * 100) le 140                     |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0159        | HC-CM10c4B  | BHDMK208    | HC-C6B should be greater than or equal to sum of HC-CM10c1B, HC-CM10c2B, HC-CM10c3B and HC-CM10c4B.                                 | bhdm1975 ge (bhdmf586 + bhdmf587 + bhdmk196 + bhdmk208)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0409        | HC-CM10c4B  | BHDMK208    | If HC-CM10c4B (previous) is not equal to zero or null, then HC-CM10c4B (current) should not equal zero or null.                     | if ((bhdmk208-q2 ne 0) and (bhdmk208-q2 ne null)) then ((bhdmk208-q1 ne 0) and (bhdmk208-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0419        | HC-CM10c4B  | BHDMK208    | If HC-CM11c4B is not equal to zero, then HC-CM10c4B divided by HC-CM11c4B should be within 60% to 140%.                             | if bhdmk209 ne 0 then ((bhdmk208 / bhdmk209) * 100) ge 60 and ((bhdmk208 / bhdmk209) * 100) le 140                     |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0080        | HC-CM10dA   | BHCKF589    | If HC-CM10dA (previous) is not equal to zero or null, then HC-CM10dA (current) should not equal zero or null.                       | if ((bhckf589-q2 ne 0) and (bhckf589-q2 ne null)) then ((bhckf589-q1 ne 0) and (bhckf589-q1 ne null))                  |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-C     | Quality     | 0160        | HC-CM10dA   | BHCKF589    | Sum of HC-C2aA, HC-C2bA, HC-C3A, HC-C7A, HC-C9aA, HC-C9b1A and HC-C9b2A should be greater than or equal to HC-CM10dA.               | (bhck1292 + bhck1296 + bhck1590 + bhck2081 + bhckj454 + bhck1545 + bhckj451) ge bhckf589                               |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0180        | HC-CM10dA   | BHCKF589    | If HC-CM11dA is not equal to zero, then HC-CM10dA divided by HC-CM11dA should be within 60% to 140%.                                | if bhckf601 ne 0 then ((bhckf589 / bhckf601) * 100) ge 60 and ((bhckf589 / bhckf601) * 100) le 140                     |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0084        | HC-CM10dB   | BHDMF589    | If HC-CM10dB (previous) is not equal to zero or null, then HC-CM10dB (current) should not equal zero or null.                       | if ((bhdmf589-q2 ne 0) and (bhdmf589-q2 ne null)) then ((bhdmf589-q1 ne 0) and (bhdmf589-q1 ne null))                  |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-C     | Quality     | 0161        | HC-CM10dB   | BHDMF589    | Sum of HC-C2B, HC-C3B, HC-C7B, HC-C9aB, HC-C9b1B, and HC-C9b2B should be greater than or equal to HC-CM10dB.                        | (bhdm1288 + bhdm1590 + bhdm2081 + bhdmj454 + bhdm1545 + bhdmj451) ge bhdmf589  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0181        | HC-CM10dB   | BHDMF589    | If HC-CM11dB is not equal to zero, then HC-CM10dB divided by HC-CM11dB should be within 60% to 140%.                                | if bhdmf601 ne 0 then ((bhdmf589 / bhdmf601) * 100) ge 60 and ((bhdmf589 / bhdmf601) * 100) le 140                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0126        | HC-D11A     | BHCM3543    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D11A (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhcm3543-q1 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D11A     | BHCM3543    | HC-D11A should not be negative.   | bhcm3543 ge 0 or bhcm3543 eq null  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-----------------|-------------|---|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0127        | HC-D11B         | BHCK3543    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D11B (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhck3543-q1 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D11B         | BHCK3543    | HC-D11B should not be negative.   | bhck3543 ge 0 or bhck3543 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0085        | HC-CM11aA       | BHCKF609    | If HC-CM11aA (previous) is not equal to zero or null, then HC-CM11aA (current) should not equal zero or null.                       | if ((bhckf609-q2 ne 0) and (bhckf609-q2 ne null)) then ((bhckf609-q1 ne 0) and (bhckf609-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0239        | HC-CM11aA       | BHCKF609    | If HC-CM10aA is not equal to zero or null, then HC-CM11aA should not equal zero or null.  | if bhckf608 ne 0 and bhckf608 ne null then bhckf609 ne 0 and bhckf609 ne null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0086        | HC-CM11a1B      | BHDMF590    | If HC-CM11a1B (previous) is not equal to zero or null, then HC-CM11a1B (current) should not equal zero or null.                     | if ((bhdmf590-q2 ne 0) and (bhdmf590-q2 ne null)) then ((bhdmf590-q1 ne 0) and (bhdmf590-q1 ne null)).                 |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0240        | HC-CM11a1B      | BHDMF590    | If HC-CM10a1B is not equal to zero or null, then HC-CM11a1B should not equal zero or null.  | if bhdmf578 ne 0 and bhdmf578 ne null then bhdmf590 ne 0 and bhdmf590 ne null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0090        | HC-CM11a2B      | BHDMF591    | If HC-CM11a2B (previous) is not equal to zero or not null, then HC-CM11a2B (current) should not equal zero or null.                 | if ((bhdmf591-q2 ne 0) and (bhdmf591-q2 ne null)) then ((bhdmf591-q1 ne 0) and (bhdmf591-q1 ne null)).                 |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0241        | HC-CM11a2B      | BHDMF591    | If HC-CM10a2B is not equal to zero or null, then HC-CM11a2B should not equal zero or null.  | if bhdmf579 ne 0 and bhdmf579 ne null then bhdmf591 ne 0 and bhdmf591 ne null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0091        | HC-CM11a3aB     | BHDMF592    | If HC-CM11a3aB (previous) is not equal to zero or null, then HC-CM11a3aB (current) should not equal zero or null.                   | if ((bhdmf592-q2 ne 0) and (bhdmf592-q2 ne null)) then ((bhdmf592-q1 ne 0) and (bhdmf592-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0242        | HC-CM11a3aB     | BHDMF592    | If HC-CM10a3aB is not equal to zero or null, then HC-CM11a3aB should not equal zero or null.  | if bhdmf580 ne 0 and bhdmf580 ne null then bhdmf592 ne 0 and bhdmf592 ne null  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0243        | HC-CM11a3b(i)B  | BHDMF593    | If HC-CM10a3b(i)B is not equal to zero or null, then HC-CM11a3b(i)B should not equal zero or null.                                  | if bhdmf581 ne 0 and bhdmf581 ne null then bhdmf593 ne 0 and bhdmf593 ne null  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0244        | HC-CM11a3b(ii)B | BHDMF594    | If HC-CM10a3b(ii)B is not equal to zero or null, then HC-CM11a3b(ii)B should not equal zero or null.                                | if bhdmf582 ne 0 and bhdmf582 ne null then bhdmf594 ne 0 and bhdmf594 ne null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0092        | HC-CM11a3biB    | BHDMF593    | If HC-CM11a3biB (previous) is not equal to zero or null, then HC-CM11a3biB (current) should not equal zero or null.                 | if ((bhdmf593-q2 ne 0) and (bhdmf593-q2 ne null)) then ((bhdmf593-q1 ne 0) and (bhdmf593-q1 ne null))                  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0142        | HC-CM11a3biiB   | BHDMF594    | If HC-CM11a3biiB (previous) is not equal to zero or null, then HC-CM11a3biiB (current) should not equal zero or null.               | if ((bhdmf594-q2 ne 0) and (bhdmf594-q2 ne null)) then ((bhdmf594-q1 ne 0) and (bhdmf594-q1 ne null))                  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0143        | HC-CM11a4B      | BHDMF595    | If HC-CM11a4B (previous) is not equal to zero or null, then HC-CM11a4B (current) should not equal zero or null.                     | if ((bhdmf595-q2 ne 0) and (bhdmf595-q2 ne null)) then ((bhdmf595-q1 ne 0) and (bhdmf595-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0245        | HC-CM11a4B      | BHDMF595    | If HC-CM10a4B is not equal to zero or null, then HC-CM11a4B should not equal zero or null.  | if bhdmf583 ne 0 and bhdmf583 ne null then bhdmf595 ne 0 and bhdmf595 ne null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0144        | HC-CM11a5B      | BHDMF596    | If HC-CM11a5B (previous) is not equal to zero or null, then HC-CM11a5B (current) should not equal zero or null.                     | if ((bhdmf596-q2 ne 0) and (bhdmf596-q2 ne null)) then ((bhdmf596-q1 ne 0) and (bhdmf596-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0246        | HC-CM11a5B      | BHDMF596    | If HC-CM10a5B is not equal to zero or null, then HC-CM11a5B should not equal zero or null.  | if bhdmf584 ne 0 and bhdmf584 ne null then bhdmf596 ne 0 and bhdmf596 ne null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0146        | HC-CM11bA       | BHCKF597    | If HC-CM11bA (previous) is not equal to zero or null, then HC-CM11bA (current) should not equal zero or null.                       | if ((bhckf597-q2 ne 0) and (bhckf597-q2 ne null)) then ((bhckf597-q1 ne 0) and (bhckf597-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0247        | HC-CM11bA       | BHCKF597    | If HC-CM10bA is not equal to zero or null, then HC-CM11bA should not equal zero or null.  | if bhckf585 ne 0 and bhckf585 ne null then bhckf597 ne 0 and bhckf597 ne null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0147        | HC-CM11bB       | BHDMF597    | If HC-CM11bB (previous) is not equal to zero or null, then HC-CM11bB (current) should not equal zero or null.                       | if ((bhdmf597-q2 ne 0) and (bhdmf597-q2 ne null)) then ((bhdmf597-q1 ne 0) and (bhdmf597-q1 ne null))                  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|--|
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0248        | HC-CM11bB   | BHDMF597    | If HC-CM10bB is not equal to zero or null, then HC-CM11bB should not equal zero or null.   | if bhdmf585 ne 0 and bhdmf585 ne null then bhdmf597 ne 0 and bhdmf597 ne null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0148        | HC-CM11c1A  | BHCKF598    | If HC-CM11c1A (previous) is not equal to zero or null, then HC-CM11c1A (current) should not equal zero or null.                    | if ((bhckf598-q2 ne 0) and (bhckf598-q2 ne null)) then ((bhckf598-q1 ne 0) and (bhckf598-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0249        | HC-CM11c1A  | BHCKF598    | If HC-CM10c1A is not equal to zero or null, then HC-CM11c1A should not equal zero or null.   | if bhckf586 ne 0 and bhckf586 ne null then bhckf598 ne 0 and bhckf598 ne null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0149        | HC-CM11c1B  | BHDMF598    | If HC-CM11c1B (previous) is not equal to zero or null, then HC-CM11c1B (current) should not equal zero or null.                    | if ((bhdmf598-q2 ne 0) and (bhdmf598-q2 ne null)) then ((bhdmf598-q1 ne 0) and (bhdmf598-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0250        | HC-CM11c1B  | BHDMF598    | If HC-CM10c1B is not equal to zero or null, then HC-CM11c1B should not equal zero or null.   | if bhdmf586 ne 0 and bhdmf586 ne null then bhdmf598 ne 0 and bhdmf598 ne null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0150        | HC-CM11c2A  | BHCKF599    | If HC-CM11c2A (previous) is not equal to zero or null, then HC-CM11c2A (current) should not equal zero or null.                    | if ((bhckf599-q2 ne 0) and (bhckf599-q2 ne null)) then ((bhckf599-q1 ne 0) and (bhckf599-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0251        | HC-CM11c2A  | BHCKF599    | If HC-CM10c2A is not equal to zero or null, then HC-CM11c2A should not equal zero or null.   | if bhckf587 ne 0 and bhckf587 ne null then bhckf599 ne 0 and bhckf599 ne null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0151        | HC-CM11c2B  | BHDMF599    | If HC-CM11c2B (previous) is not equal to zero or null, then HC-CM11c2B (current) should not equal zero or null.                    | if ((bhdmf599-q2 ne 0) and (bhdmf599-q2 ne null)) then ((bhdmf599-q1 ne 0) and (bhdmf599-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0252        | HC-CM11c2B  | BHDMF599    | If HC-CM10c2B is not equal to zero or null, then HC-CM11c2B should not equal zero or null.   | if bhdmf587 ne 0 and bhdmf587 ne null then bhdmf599 ne 0 and bhdmf599 ne null  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Intraseries | 0152        | HC-CM11c3A  | BHCKK195    | If HC-CM11c3A (previous) is not equal to zero or null, then HC-CM11c3A (current) should not equal zero or null.                    | if ((bhckk195-q2 ne 0) and (bhckk195-q2 ne null)) then ((bhckk195-q1 ne 0) and (bhckk195-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0253        | HC-CM11c3A  | BHCKK195    | If HC-CM10c3A is not equal to zero or null, then HC-CM11c3A should not equal zero or null.   | if bhckk196 ne 0 and bhckk196 ne null then bhckk195 ne 0 and bhckk195 ne null  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Intraseries | 0153        | HC-CM11c3B  | BHDMK195    | If HC-CM11c3B (previous) is not equal to zero or null, then HC-CM11c3B (current) should not equal zero or null.                    | if ((bhdmk195-q2 ne 0) and (bhdmk195-q2 ne null)) then ((bhdmk195-q1 ne 0) and (bhdmk195-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0254        | HC-CM11c3B  | BHDMK195    | If HC-CM10c3B is not equal to zero or null, then HC-CM11c3B should not equal zero or null.   | if bhdmk196 ne 0 and bhdmk196 ne null then bhdmk195 ne 0 and bhdmk195 ne null  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0410        | HC-CM11c4A  | BHCKK209    | If HC-CM11c4A (previous) is not equal to zero or null, then HC-CM11c4A (current) should not equal zero or null.                    | if ((bhckk209-q2 ne 0) and (bhckk209-q2 ne null)) then ((bhckk209-q1 ne 0) and (bhckk209-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0420        | HC-CM11c4A  | BHCKK209    | If HC-CM10c4A is not equal to zero or null, then HC-CM11c4A should not equal zero or null.   | if bhckk208 ne 0 and bhckk208 ne null then bhckk209 ne 0 and bhckk209 ne null  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Intraseries | 0411        | HC-CM11c4B  | BHDMK209    | If HC-CM11c4B (previous) is not equal to zero or null, then HC-CM11c4B (current) should not equal zero or null.                    | if ((bhdmk209-q2 ne 0) and (bhdmk209-q2 ne null)) then ((bhdmk209-q1 ne 0) and (bhdmk209-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-C     | Quality     | 0421        | HC-CM11c4B  | BHDMK209    | If HC-CM10c4B is not equal to zero or null, then HC-CM11c4B should not equal zero or null.   | if bhdmk208 ne 0 and bhdmk208 ne null then bhdmk209 ne 0 and bhdmk209 ne null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0154        | HC-CM11dA   | BHCKF601    | If HC-CM11dA (previous) is not equal to zero or null, then HC-CM11dA (current) should not equal zero or null.                      | if ((bhckf601-q2 ne 0) and (bhckf601-q2 ne null)) then ((bhckf601-q1 ne 0) and (bhckf601-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0255        | HC-CM11dA   | BHCKF601    | If HC-CM10dA is not equal to zero or null, then HC-CM11dA should not equal zero or null.   | if bhckf589 ne 0 and bhckf589 ne null then bhckf601 ne 0 and bhckf601 ne null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-C     | Intraseries | 0155        | HC-CM11dB   | BHDMF601    | If HC-CM11dB (previous) is not equal to zero or null, then HC-CM11dB (current) should not equal zero or null.                      | if ((bhdmf601-q2 ne 0) and (bhdmf601-q2 ne null)) then ((bhdmf601-q1 ne 0) and (bhdmf601-q1 ne null))                  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-C     | Quality     | 0256        | HC-CM11dB   | BHDMF601    | If HC-CM10dB is not equal to zero or null, then HC-CM11dB should not equal zero or null.   | if bhdmf589 ne 0 and bhdmf589 ne null then bhdmf601 ne 0 and bhdmf601 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 6030        | HC-D1A      | BHCM3531    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D1A (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhcm3531-q1 ne null |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test   | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D1A      | BHCM3531    | HC-D1A should not be negative.  | bhcm3531 ge 0 or bhcm3531 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0093        | HC-D1B      | BHCK3531    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D1B (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhck3531-q1 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D1B      | BHCK3531    | HC-D1B should not be negative.  | bhck3531 ge 0 or bhck3531 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0094        | HC-D2A      | BHCM3532    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D2A (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhcm3532-q1 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D2A      | BHCM3532    | HC-D2A should not be negative.  | bhcm3532 ge 0 or bhcm3532 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0095        | HC-D2B      | BHCK3532    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D2B (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhck3532-q1 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D2B      | BHCK3532    | HC-D2B should not be negative.  | bhck3532 ge 0 or bhck3532 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0096        | HC-D3A      | BHCM3533    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D3A (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhcm3533-q1 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D3A      | BHCM3533    | HC-D3A should not be negative.  | bhcm3533 ge 0 or bhcm3533 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0097        | HC-D3B      | BHCK3533    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D3B (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhck3533-q1 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D3B      | BHCK3533    | HC-D3B should not be negative.  | bhck3533 ge 0 or bhck3533 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Intraseries | 0098        | HC-D4aA     | BHCKG379    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D4aA (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhckg379-q1 ne null |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Quality     | 9430        | HC-D4aA     | BHCKG379    | HC-D4aA should not be negative.   | bhckg379 ge 0 or bhckg379 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Intraseries | 0099        | HC-D4aB     | BHDMG379    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D4aB (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmg379-q1 ne null |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Quality     | 9430        | HC-D4aB     | BHDMG379    | HC-D4aB should not be negative.   | bhdmg379 ge 0 or bhdmg379 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Intraseries | 0100        | HC-D4bA     | BHCKG380    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D4bA (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhckg380-q1 ne null |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Quality     | 9430        | HC-D4bA     | BHCKG380    | HC-D4bA should not be negative.   | bhckg380 ge 0 or bhckg380 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Intraseries | 0101        | HC-D4bB     | BHDMG380    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D4bB (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmg380-q1 ne null |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Quality     | 9430        | HC-D4bB     | BHDMG380    | HC-D4bB should not be negative.   | bhdmg380 ge 0 or bhdmg380 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Intraseries | 0102        | HC-D4cA     | BHCKG381    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D4cA (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhckg381-q1 ne null |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Quality     | 9430        | HC-D4cA     | BHCKG381    | HC-D4cA should not be negative.   | bhckg381 ge 0 or bhckg381 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Intraseries | 0103        | HC-D4cB     | BHDMG381    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D4cB (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmg381-q1 ne null |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Quality     | 9430        | HC-D4cB     | BHDMG381    | HC-D4cB should not be negative.   | bhdmg381 ge 0 or bhdmg381 eq null  |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|--|
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Intraseries | 0285        | HC-D4dA     | BHCKK197    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D4dA (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhck197-a1 ne null  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 9430        | HC-D4dA     | BHCKK197    | HC-D4dA should not be negative.  | bhck197 ge 0 or bhck197 eq null  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Intraseries | 0286        | HC-D4dB     | BHDMK197    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D4dB (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmk197-a1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 9430        | HC-D4dB     | BHDMK197    | HC-D4dB should not be negative.  | bhdmk197 ge 0 or bhdmk197 eq null  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-D     | Intraseries | 0412        | HC-D4eA     | BHCKK198    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D4eA (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhck198-a1 ne null  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-D     | Quality     | 9430        | HC-D4eA     | BHCKK198    | HC-D4eA should not be negative.  | bhck198 ge 0 or bhck198 eq null  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-D     | Intraseries | 0413        | HC-D4eB     | BHDMK198    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D4eB (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmk198-a1 ne null |
| FRY9C  | 20110331             | 99991231           | Added       | HC-D     | Quality     | 9430        | HC-D4eB     | BHDMK198    | HC-D4eB should not be negative.  | bhdmk198 ge 0 or bhdmk198 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Intraseries | 0104        | HC-D5a1A    | BHCKG383    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D5a1A (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhck383-a1 ne null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Quality     | 9430        | HC-D5a1A    | BHCKG383    | HC-D5a1A should not be negative.   | bhckg383 ge 0 or bhckg383 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Intraseries | 0105        | HC-D5a1B    | BHDMG383    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D5a1B (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmg383-a1 ne null |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Quality     | 9430        | HC-D5a1B    | BHDMG383    | HC-D5a1B should not be negative.   | bhdmg383 ge 0 or bhdmg383 eq null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Intraseries | 0289        | HC-D5a2A    | BHCKG384    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D5a2A (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhck384-a1 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Quality     | 9430        | HC-D5a2A    | BHCKG384    | HC-D5a2A should not be negative.   | bhckg384 ge 0 or bhckg384 eq null  |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-D     | Intraseries | 0290        | HC-D5a2B    | BHDMG384    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D5a2B (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmg384-a1 ne null |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Quality     | 9430        | HC-D5a2B    | BHDMG384    | HC-D5a2B should not be negative.   | bhdmg384 ge 0 or bhdmg384 eq null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Intraseries | 0291        | HC-D5a3A    | BHCKG385    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D5a3A (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhck385-a1 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Quality     | 9430        | HC-D5a3A    | BHCKG385    | HC-D5a3A should not be negative.   | bhckg385 ge 0 or bhckg385 eq null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Intraseries | 0292        | HC-D5a3B    | BHDMG385    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D5a3B (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmg385-a1 ne null |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Quality     | 9430        | HC-D5a3B    | BHDMG385    | HC-D5a3B should not be negative.   | bhdmg385 ge 0 or bhdmg385 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Quality     | 0201        | HC-D5bA     | BHCKG386    | HC-D5bA should be greater than or equal to the sum of HC-DM5a through HC-DM5f.   | bhckg386 ge (bhckf643 + bhckf644 + bhckf645 + bhckf646 + bhckf647 + bhckf648)  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Intraseries | 0294        | HC-D5bA     | BHCKG386    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D5bA (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhck386-a1 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Quality     | 9430        | HC-D5bA     | BHCKG386    | HC-D5bA should not be negative.  | bhckg386 ge 0 or bhckg386 eq null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Intraseries | 0295        | HC-D5bB     | BHDMG386    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D5bB (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmg386-a1 ne null |
| FRY9C  | 20090630             | 99991231           | Added       | HC-D     | Quality     | 9430        | HC-D5bB     | BHDMG386    | HC-D5bB should not be negative.  | bhdmg386 ge 0 or bhdmg386 eq null  |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item   | MDRM Number | Edit Test   | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|---------------|-------------|---|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0106        | HC-D6aA       | BHCKF610    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6aA (current) should not be null.       | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhckf610-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0183        | HC-D6aA       | BHCKF610    | If HC-DM1aA is not equal to zero, then HC-D6aA divided by HC-DM1aA should be within 60% to 140%.  | if bhckf790 ne 0 then ((bhckf610 / bhckf790) * 100) ge 60 and ((bhckf610 / bhckf790) * 100) le 140                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6aA       | BHCKF610    | HC-D6aA should not be negative.   | bhckf610 ge 0 or bhckf610 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0107        | HC-D6a1B      | BHDMF604    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6a1B (current) should not be null.      | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmf604-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0184        | HC-D6a1B      | BHDMF604    | If HC-DM1a1B is not equal to zero, then HC-D6a1B divided by HC-DM1a1B should be within 60% to 140%.                                       | if bhdmf625 ne 0 then ((bhdmf604 / bhdmf625) * 100) ge 60 and ((bhdmf604 / bhdmf625) * 100) le 140                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6a1B      | BHDMF604    | HC-D6a1B should not be negative.  | bhdmf604 ge 0 or bhdmf604 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0108        | HC-D6a2B      | BHDMF605    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6a2B (current) should not be null.      | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmf605-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0185        | HC-D6a2B      | BHDMF605    | If HC-DM1a2B is not equal to zero, then HC-D6a2B divided by HC-DM1a2B should be within 60% to 140%.                                       | if bhdmf626 ne 0 then ((bhdmf605 / bhdmf626) * 100) ge 60 and ((bhdmf605 / bhdmf626) * 100) le 140                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6a2B      | BHDMF605    | HC-D6a2B should not be negative.  | bhdmf605 ge 0 or bhdmf605 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0109        | HC-D6a3aB     | BHDMF606    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6a3aB (current) should not be null.     | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmf606-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0186        | HC-D6a3aB     | BHDMF606    | If HC-DM1a3aB is not equal to zero, then HC-D6a3aB divided by HC-DM1a3aB should be within 60% to 140%.                                    | if bhdmf627 ne 0 then ((bhdmf606 / bhdmf627) * 100) ge 60 and ((bhdmf606 / bhdmf627) * 100) le 140                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6a3aB     | BHDMF606    | HC-D6a3aB should not be negative.   | bhdmf606 ge 0 or bhdmf606 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0110        | HC-D6a3b(i)B  | BHDMF607    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6a3b(i)B (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmf607-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0187        | HC-D6a3b(ii)B | BHDMF607    | If HC-DM1a3b(ii)B is not equal to zero, then HC-D6a3b(ii)B divided by HC-DM1a3b(ii)B should be within 60% to 140%.                        | if bhdmf628 ne 0 then ((bhdmf607 / bhdmf628) * 100) ge 60 and ((bhdmf607 / bhdmf628) * 100) le 140                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6a3b(ii)B | BHDMF607    | HC-D6a3b(ii)B should not be negative.   | bhdmf607 ge 0 or bhdmf607 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0111        | HC-D6a3b(ii)B | BHDMF611    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6a3b(ii)B (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmf611-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0188        | HC-D6a3b(ii)B | BHDMF611    | If HC-DM1a3b(ii)B is not equal to zero, then HC-D6a3b(ii)B divided by HC-DM1a3b(ii)B should be within 60% to 140%.                        | if bhdmf629 ne 0 then ((bhdmf611 / bhdmf629) * 100) ge 60 and ((bhdmf611 / bhdmf629) * 100) le 140                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6a3b(ii)B | BHDMF611    | HC-D6a3b(ii)B should not be negative.   | bhdmf611 ge 0 or bhdmf611 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0112        | HC-D6a4B      | BHDMF612    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6a4B (current) should not be null.      | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmf612-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0189        | HC-D6a4B      | BHDMF612    | If HC-DM1a4B is not equal to zero, then HC-D6a4B divided by HC-DM1a4B should be within 60% to 140%.                                       | if bhdmf630 ne 0 then ((bhdmf612 / bhdmf630) * 100) ge 60 and ((bhdmf612 / bhdmf630) * 100) le 140                     |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6a4B    | BHDMF612    | HC-D6a4B should not be negative.   | bhdmf612 ge 0 or bhdmf612 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0113        | HC-D6a5B    | BHDMF613    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6a5B (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmf613-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0190        | HC-D6a5B    | BHDMF613    | If HC-DM1a5B is not equal to zero, then HC-D6a5B divided by HC-DM1a5B should be within 60% to 140%.                                  | if bhdmf631 ne 0 then ((bhdmf613 / bhdmf631) * 100) ge 60 and ((bhdmf613 / bhdmf631) * 100) le 140                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6a5B    | BHDMF613    | HC-D6a5B should not be negative.   | bhdmf613 ge 0 or bhdmf613 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0114        | HC-D6bA     | BHCKF614    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6bA (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhckf614-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0191        | HC-D6bA     | BHCKF614    | If HC-DM1bA is not equal to zero, then HC-D6bA divided by HC-DM1bA should be within 60% to 140%.                                     | if bhckf632 ne 0 then ((bhckf614 / bhckf632) * 100) ge 60 and ((bhckf614 / bhckf632) * 100) le 140                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6bA     | BHCKF614    | HC-D6bA should not be negative.  | bhckf614 ge 0 or bhckf614 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0115        | HC-D6bB     | BHDMF614    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6bB (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmf614-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0192        | HC-D6bB     | BHDMF614    | If HC-DM1bB is not equal to zero, then HC-D6bB divided by HC-DM1bB should be within 60% to 140%.                                     | if bhdmf632 ne 0 then ((bhdmf614 / bhdmf632) * 100) ge 60 and ((bhdmf614 / bhdmf632) * 100) le 140                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6bB     | BHDMF614    | HC-D6bB should not be negative.  | bhdmf614 ge 0 or bhdmf614 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0116        | HC-D6c1A    | BHCKF615    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6c1A (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhckf615-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0193        | HC-D6c1A    | BHCKF615    | If HC-DM1c1A is not equal to zero, then HC-D6c1A divided by HC-DM1c1A should be within 60% to 140%.                                  | if bhckf633 ne 0 then ((bhckf615 / bhckf633) * 100) ge 60 and ((bhckf615 / bhckf633) * 100) le 140                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6c1A    | BHCKF615    | HC-D6c1A should not be negative.   | bhckf615 ge 0 or bhckf615 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0117        | HC-D6c1B    | BHDMF615    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6c1B (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmf615-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0194        | HC-D6c1B    | BHDMF615    | If HC-DM1c1B is not equal to zero, then HC-D6c1B divided by HC-DM1c1B should be within 60% to 140%.                                  | if bhdmf633 ne 0 then ((bhdmf615 / bhdmf633) * 100) ge 60 and ((bhdmf615 / bhdmf633) * 100) le 140                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6c1B    | BHDMF615    | HC-D6c1B should not be negative.   | bhdmf615 ge 0 or bhdmf615 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0118        | HC-D6c2A    | BHCKF616    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6c2A (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhckf616-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0195        | HC-D6c2A    | BHCKF616    | If HC-DM1c2A is not equal to zero, then HC-D6c2A divided by HC-DM1c2A should be within 60% to 140%.                                  | if bhckf634 ne 0 then ((bhckf616 / bhckf634) * 100) ge 60 and ((bhckf616 / bhckf634) * 100) le 140                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6c2A    | BHCKF616    | HC-D6c2A should not be negative.   | bhckf616 ge 0 or bhckf616 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0119        | HC-D6c2B    | BHDMF616    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6c2B (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmf616-q1 ne null |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|--|
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0196        | HC-D6c2B    | BHDMF616    | If HC-DM1c2B is not equal to zero, then HC-D6c2B divided by HC-DM1c2B should be within 60% to 140%.                                  | if bhdmf634 ne 0 then ((bhdmf616 / bhdmf634) * 100) ge 60 and ((bhdmf616 / bhdmf634) * 100) le 140                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6c2B    | BHDMF616    | HC-D6c2B should not be negative.   | bhdmf616 ge 0 or bhdmf616 eq null  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Intraseries | 0120        | HC-D6c3A    | BHCKK199    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6c3A (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhckk199-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0197        | HC-D6c3A    | BHCKK199    | If HC-DM1c3A is not equal to zero, then HC-D6c3A divided by HC-DM1c3A should be within 60% to 140%.                                  | if bhckk200 ne 0 then ((bhckk199 / bhckk200) * 100) ge 60 and ((bhckk199 / bhckk200) * 100) le 140                     |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 9430        | HC-D6c3A    | BHCKK199    | HC-D6c3A should not be negative.   | bhckk199 ge 0 or bhckk199 eq null  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Intraseries | 0121        | HC-D6c3B    | BHDMK199    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6c3B (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmk199-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0198        | HC-D6c3B    | BHDMK199    | If HC-DM1c3B is not equal to zero, then HC-D6c3B divided by HC-DM1c3B should be within 60% to 140%.                                  | if bhdmk200 ne 0 then ((bhdmk199 / bhdmk200) * 100) ge 60 and ((bhdmk199 / bhdmk200) * 100) le 140                     |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 9430        | HC-D6c3B    | BHDMK199    | HC-D6c3B should not be negative.   | bhdmk199 ge 0 or bhdmk199 eq null  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-D     | Intraseries | 0414        | HC-D6c4A    | BHCKK210    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6c4A (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhckk210-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Added       | HC-D     | Quality     | 0422        | HC-D6c4A    | BHCKK210    | If HC-DM1c4A is not equal to zero, then HC-D6c4A divided by HC-DM1c4A should be within 60% to 140%.                                  | if bhckk211 ne 0 then ((bhckk210 / bhckk211) * 100) ge 60 and ((bhckk210 / bhckk211) * 100) le 140                     |
| FRY9C  | 20110331             | 99991231           | Added       | HC-D     | Quality     | 9430        | HC-D6c4A    | BHCKK210    | HC-D6c4A should not be negative.   | bhckk210 ge 0 or bhckk210 eq null  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-D     | Intraseries | 0415        | HC-D6c4B    | BHDMK210    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6c4B (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmk210-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Added       | HC-D     | Quality     | 0424        | HC-D6c4B    | BHDMK210    | If HC-DM1c4B is not equal to zero, then HC-D6c4B divided by HC-DM1c4B should be within 60% to 140%.                                  | if bhdmk211 ne 0 then ((bhdmk210 / bhdmk211) * 100) ge 60 and ((bhdmk210 / bhdmk211) * 100) le 140                     |
| FRY9C  | 20110331             | 99991231           | Added       | HC-D     | Quality     | 9430        | HC-D6c4B    | BHDMK210    | HC-D6c4B should not be negative.   | bhdmk210 ge 0 or bhdmk210 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0122        | HC-D6dA     | BHCKF618    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6dA (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhckf618-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0199        | HC-D6dA     | BHCKF618    | If HC-DM1dA is not equal to zero, then HC-D6dA divided by HC-DM1dA should be within 60% to 140%.                                     | if bhckf636 ne 0 then ((bhckf618 / bhckf636) * 100) ge 60 and ((bhckf618 / bhckf636) * 100) le 140                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6dA     | BHCKF618    | HC-D6dA should not be negative.  | bhckf618 ge 0 or bhckf618 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0123        | HC-D6dB     | BHDMF618    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D6dB (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmf618-q1 ne null |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0200        | HC-D6dB     | BHDMF618    | If HC-DM1dB is not equal to zero, then HC-D6dB divided by HC-DM1dB should be within 60% to 140%.                                     | if bhdmf636 ne 0 then ((bhdmf618 / bhdmf636) * 100) ge 60 and ((bhdmf618 / bhdmf636) * 100) le 140                     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6dB     | BHDMF618    | HC-D6dB should not be negative.  | bhdmf618 ge 0 or bhdmf618 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0124        | HC-D9A      | BHCM3541    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D9A (current) should not be null.   | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhcm3541-q1 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D9A      | BHCM3541    | HC-D9A should not be negative.   | bhcm3541 ge 0 or bhcm3541 eq null  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0125        | HC-D9B      | BHCK3541    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D9B (current) should not be null.    | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhck3541-q1 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D9B      | BHCK3541    | HC-D9B should not be negative.  | bhck3541 ge 0 or bhck3541 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0128        | HC-D12A     | BHCT3545    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D12A (current) should not be null.   | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhct3545-q1 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D12A     | BHCT3545    | HC-D12A should not be negative.   | bhct3545 ge 0 or bhct3545 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0129        | HC-D12B     | BHDM3545    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D12B (current) should not be null.   | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdm3545-q1 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D12B     | BHDM3545    | HC-D12B should not be negative.   | bhdm3545 ge 0 or bhdm3545 eq null  |
| FRY9C  | 20090331             | 99991231           | Added       | HC-D     | Intraseries | 6041        | HC-D13a1A   | BHCKG209    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D13a1A (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhckg209-q1 ne null |
| FRY9C  | 20090331             | 99991231           | Added       | HC-D     | Quality     | 9430        | HC-D13a1A   | BHCKG209    | HC-D13a1A should not be negative.   | bhckg209 ge 0 or bhckg209 eq null  |
| FRY9C  | 20090331             | 99991231           | Added       | HC-D     | Intraseries | 0164        | HC-D13a1B   | BHDMG209    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D13a1B (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmg209-q1 ne null |
| FRY9C  | 20090331             | 99991231           | Added       | HC-D     | Quality     | 9430        | HC-D13a1B   | BHDMG209    | HC-D13a1B should not be negative.   | bhdmg209 ge 0 or bhdmg209 eq null  |
| FRY9C  | 20090331             | 99991231           | Added       | HC-D     | Intraseries | 6042        | HC-D13a2A   | BHCKG210    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D13a2A (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhckg210-q1 ne null |
| FRY9C  | 20090331             | 99991231           | Added       | HC-D     | Quality     | 9430        | HC-D13a2A   | BHCKG210    | HC-D13a2A should not be negative.   | bhckg210 ge 0 or bhckg210 eq null  |
| FRY9C  | 20090331             | 99991231           | Added       | HC-D     | Intraseries | 0165        | HC-D13a2B   | BHDMG210    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D13a2B (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmg210-q1 ne null |
| FRY9C  | 20090331             | 99991231           | Added       | HC-D     | Quality     | 9430        | HC-D13a2B   | BHDMG210    | HC-D13a2B should not be negative.   | bhdmg210 ge 0 or bhdmg210 eq null  |
| FRY9C  | 20090331             | 99991231           | Added       | HC-D     | Intraseries | 6043        | HC-D13a3A   | BHCKG211    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D13a3A (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhckg211-q1 ne null |
| FRY9C  | 20090331             | 99991231           | Added       | HC-D     | Quality     | 9430        | HC-D13a3A   | BHCKG211    | HC-D13a3A should not be negative.   | bhckg211 ge 0 or bhckg211 eq null  |
| FRY9C  | 20090331             | 99991231           | Added       | HC-D     | Intraseries | 0166        | HC-D13a3B   | BHDMG211    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D13a3B (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmg211-q1 ne null |
| FRY9C  | 20090331             | 99991231           | Added       | HC-D     | Quality     | 9430        | HC-D13a3B   | BHDMG211    | HC-D13a3B should not be negative.   | bhdmg211 ge 0 or bhdmg211 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0131        | HC-D13bA    | BHCKF624    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D13bA (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhckf624-q1 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D13bA    | BHCKF624    | HC-D13bA should not be negative.  | bhckf624 ge 0 or bhckf624 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0132        | HC-D13bB    | BHDMF624    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D13bB (current) should not be null.  | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdmf624-q1 ne null |
| FRY9C  | 20090331             | 99991231           | Revised     | HC-D     | Quality     | 9430        | HC-D13bB    | BHDMF624    | HC-D13bB should not be negative.  | bhdmf624 ge 0 or bhdmf624 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0133        | HC-D14A     | BHCK3547    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D14A (current) should not be null.   | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhck3547-q1 ne null |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|----------------|-------------|---|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D14A        | BHCK3547    | HC-D14A should not be negative.   | bhck3547 ge 0 or bhck3547 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0134        | HC-D14B        | BHDM3547    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D14B (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdm3547-a1 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D14B        | BHDM3547    | HC-D14B should not be negative.   | bhdm3547 ge 0 or bhdm3547 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0135        | HC-D15A        | BHCT3548    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D15A (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhct3548-a1 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D15A        | BHCT3548    | HC-D15A should not be negative.   | bhct3548 ge 0 or bhct3548 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Intraseries | 0136        | HC-D15B        | BHDM3548    | If HC-K4a is greater than or equal to \$2 million in any of the four preceding quarters, then HC-D15B (current) should not be null. | if (bhck3401-q2 ge 2000 or bhck3401-q3 ge 2000 or bhck3401-q4 ge 2000 or bhck3401-q5 ge 2000) then bhdm3548-a1 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D15B        | BHDM3548    | HC-D15B should not be negative.   | bhdm3548 ge 0 or bhdm3548 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 0257        | HC-DM1aA       | BHCKF790    | If HC-D6aA is not equal to zero, then HC-DM1aA should not equal zero.   | if bhckf610 ne 0 then bhckf790 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 0258        | HC-DM1a1B      | BHDMF625    | If HC-D6a1B is not equal to zero, then HC-DM1a1B should not equal zero.   | if bhdmf604 ne 0 then bhdmf625 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 0259        | HC-DM1a2B      | BHDMF626    | If HC-D6a2B is not equal to zero, then HC-DM1a2B should not equal zero.   | if bhdmf605 ne 0 then bhdmf626 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 0260        | HC-DM1a3aB     | BHDMF627    | If HC-D6a3aB is not equal to zero, then HC-DM1a3aB should not equal zero.   | if bhdmf606 ne 0 then bhdmf627 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 0261        | HC-DM1a3b(i)B  | BHDMF628    | If HC-D6a3b(i)B is not equal to zero, then HC-DM1a3b(i)B should not equal zero.   | if bhdmf607 ne 0 then bhdmf628 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 0262        | HC-DM1a3b(ii)B | BHDMF629    | If HC-D6a3b(ii)B is not equal to zero, then HC-DM1a3b(ii)B should not equal zero.   | if bhdmf611 ne 0 then bhdmf629 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 0263        | HC-DM1a4B      | BHDMF630    | If HC-D6a4B is not equal to zero, then HC-DM1a4B should not equal zero.   | if bhdmf612 ne 0 then bhdmf630 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 0264        | HC-DM1a5B      | BHDMF631    | If HC-D6a5B is not equal to zero, then HC-DM1a5B should not equal zero.   | if bhdmf613 ne 0 then bhdmf631 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 0265        | HC-DM1bA       | BHCKF632    | If HC-D6bA is not equal to zero, then HC-DM1bA should not equal zero.   | if bhckf614 ne 0 then bhckf632 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 0266        | HC-DM1bB       | BHDMF632    | If HC-D6bB is not equal to zero, then HC-DM1bB should not equal zero.   | if bhdmf614 ne 0 then bhdmf632 ne 0  |
| FRY9C  | 20120930             | 99991231           | Revised     | HC-D     | Quality     | 0267        | HC-DM1c1A      | BHCKF633    | If HC-D6c1A is not equal to zero, then HC-DM1c1A should not equal zero.   | if bhckf615 ne 0 then bhckf633 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 0268        | HC-DM1c1B      | BHDMF633    | If HC-D6c1B is not equal to zero, then HC-DM1c1B should not equal zero.   | if bhdmf615 ne 0 then bhdmf633 ne 0  |
| FRY9C  | 20120930             | 99991231           | Revised     | HC-D     | Quality     | 0269        | HC-DM1c2A      | BHCKF634    | If HC-D6c2A is not equal to zero, then HC-DM1c2A should not equal zero.   | if bhckf616 ne 0 then bhckf634 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 0270        | HC-DM1c2B      | BHDMF634    | If HC-D6c2B is not equal to zero, then HC-DM1c2B should not equal zero.   | if bhdmf616 ne 0 then bhdmf634 ne 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0271        | HC-DM1c3A      | BHCKK200    | If HC-D6c3A is not equal to zero, then HC-DM1c3A should not equal zero.   | if bhckk199 ne 0 then bhckk200 ne 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality     | 0272        | HC-DM1c3B      | BHDMK200    | If HC-D6c3B is not equal to zero, then HC-DM1c3B should not equal zero.   | if bhdmk199 ne 0 then bhdmk200 ne 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-D     | Quality     | 0423        | HC-DM1c4A      | BHCKK211    | If HC-D6c4A is not equal to zero, then HC-DM1c4A should not equal zero.   | if bhckk210 ne 0 then bhckk211 ne 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-D     | Quality     | 0425        | HC-DM1c4B      | BHDMK211    | If HC-D6c4B is not equal to zero, then HC-DM1c4B should not equal zero.   | if bhdmk210 ne 0 then bhdmk211 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality     | 0273        | HC-DM1dA       | BHCKF636    | If HC-D6dA is not equal to zero, then HC-DM1dA should not equal zero.   | if bhckf618 ne 0 then bhckf636 ne 0  |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type | Edit Number | Target Item | MDRM Number | Edit Test   | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality   | 0274        | HC-DM1dB    | BHDMF636    | If HC-D6dB is not equal to zero, then HC-DM1dB should not equal zero.   | if bhdmf618 ne 0 then bhdmf636 ne 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality   | 0202        | HC-DM6      | BHCKF651    | HC-DM6 should be less than or equal to the sum of HC-D4cA, HC-D4eA, HC-D5a1A, HC-D5a2A, HC-D5a3A, HC-D5bA, and HC-D9A.  | bhckf651 le (bhckg381 + bhckk198 + bhckg383 + bhckg384 + bhckg385 + bhckg386 + bhcm3541)   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-D     | Quality   | 0203        | HC-DM8      | BHCKF654    | Sum of HC-D6aA, HC-D6bA, HC-D6c1A, HC-D6c2A, HC-D6c3A, HC-D6c4A, and HC-D6dA should be greater than or equal to HC-DM8. | (bhckf610 + bhckf614 + bhckf615 + bhckf616 + bhckk199 + bhckk210 + bhckf618) ge bhckf654   |
| FRY9C  | 20090331             | 99991231           | Revised     | HC-D     | Quality   | 0227        | HC-DM9b1    | BHCKF655    | If financial data is not equal to null or zero, then text data should not be null.                                      | if bhckf655 ne null and bhckf655 ne 0 then bhxf655 ne null   |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-D     | Quality   | 0228        | HC-DM9b1TX  | BHTXF655    | If text data is not equal to null, then financial data should not equal null or zero.                                   | if bhxf655 ne null then bhckf655 ne null and bhckf655 ne 0   |
| FRY9C  | 20090331             | 99991231           | Revised     | HC-D     | Quality   | 0229        | HC-DM9b2    | BHCKF656    | If financial data is not equal to null or zero, then text data should not be null.                                      | if bhckf656 ne null and bhckf656 ne 0 then bhxf656 ne null   |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-D     | Quality   | 0230        | HC-DM9b2TX  | BHTXF656    | If text data is not equal to null, then financial data should not equal null or zero.                                   | if bhxf656 ne null then bhckf656 ne null and bhckf656 ne 0   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-D     | Quality   | 0204        | HC-DM9b3    | BHCKF657    | HC-D9A should be greater than or equal to the sum of HC-DM7a, HC-DM7b, and HC-DM9a2 through HC-DM9b3.                   | bhcm3541 ge (bhckf652 + bhckf653 + bhckg213 + bhckf655 + bhckf656 + bhckf657)  |
| FRY9C  | 20090331             | 99991231           | Revised     | HC-D     | Quality   | 0231        | HC-DM9b3    | BHCKF657    | If financial data is not equal to null or zero, then text data should not be null.                                      | if bhckf657 ne null and bhckf657 ne 0 then bhxf657 ne null   |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-D     | Quality   | 0232        | HC-DM9b3TX  | BHTXF657    | If text data is not equal to null, then financial data should not equal null or zero.                                   | if bhxf657 ne null then bhckf657 ne null and bhckf657 ne 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality   | 0233        | HC-DM10a    | BHCKF658    | If financial data is not equal to null or zero, then text data should not be null.                                      | if bhckf658 ne null and bhckf658 ne 0 then bhxf658 ne null   |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-D     | Quality   | 0234        | HC-DM10aTX  | BHTXF658    | If text data is not equal to null, then financial data should not equal null or zero.                                   | if bhxf658 ne null then bhckf658 ne null and bhckf658 ne 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality   | 0235        | HC-DM10b    | BHCKF659    | If financial data is not equal to null or zero, then text data should not be null.                                      | if bhckf659 ne null and bhckf659 ne 0 then bhxf659 ne null   |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-D     | Quality   | 0236        | HC-DM10bTX  | BHTXF659    | If text data is not equal to null, then financial data should not equal null or zero.                                   | if bhxf659 ne null then bhckf659 ne null and bhckf659 ne 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality   | 0205        | HC-DM10c    | BHCKF660    | HC-D13bA should be greater than or equal to the sum of HC-DM10a through HC-DM10c.                                       | bhckf624 ge (bhckf658 + bhckf659 + bhckf660)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-D     | Quality   | 0237        | HC-DM10c    | BHCKF660    | If financial data is not equal to null or zero, then text data should not be null.                                      | if bhckf660 ne null and bhckf660 ne 0 then bhxf660 ne null   |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-D     | Quality   | 0238        | HC-DM10cTX  | BHTXF660    | If text data is not equal to null, then financial data should not equal null or zero.                                   | if bhxf660 ne null then bhckf660 ne null and bhckf660 ne 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality   | 9440        | HC-E1a      | BHCB2210    | HC-E1a should not be null and should not be negative.   | bhcb2210 ne null and bhcb2210 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality   | 9440        | HC-E1b      | BHCB3187    | HC-E1b should not be null and should not be negative.   | bhcb3187 ne null and bhcb3187 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality   | 9440        | HC-E1c      | BHCB2389    | HC-E1c should not be null and should not be negative.   | bhcb2389 ne null and bhcb2389 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality   | 9440        | HC-E1d      | BHCB6648    | HC-E1d should not be null and should not be negative.   | bhcb6648 ne null and bhcb6648 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality   | 6047        | HC-E1e      | BHCB2604    | If the sum of HC-E1a through HC-E2e is not equal to zero, then the sum of HC-E1a through HC-E1e should not equal zero.  | if ((bhcb2210 + bhcb3187 + bhcb2389 + bhcb6648 + bhcb2604 + bhod3189 + bhod3187 + bhod2389 + bhod6648 + bhod2604) ne 0) then ((bhcb2210 + bhcb3187 + bhcb2389 + bhcb6648 + bhcb2604) ne 0) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality   | 9440        | HC-E1e      | BHCB2604    | HC-E1e should not be null and should not be negative.   | bhcb2604 ne null and bhcb2604 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality   | 6048        | HC-E2a      | BHOD3189    | Sum of HC-E1a and HC-E2a must be less than or equal to HC-13a1.   | (bhcb2210 + bhod3189) le bhdm6631  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality     | 9450        | HC-E2a      | BHOD3189    | HC-E2a should not be negative.  | bhod3189 ge 0 or bhod3189 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality     | 9450        | HC-E2b      | BHOD3187    | HC-E2b should not be negative.  | bhod3187 ge 0 or bhod3187 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality     | 9450        | HC-E2c      | BHOD2389    | HC-E2c should not be negative.  | bhod2389 ge 0 or bhod2389 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality     | 9450        | HC-E2d      | BHOD6648    | HC-E2d should not be negative.  | bhod6648 ge 0 or bhod6648 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality     | 6050        | HC-E2e      | BHOD2604    | Sum of HC-E1b through HC-E1e plus the sum of HC-E2b through HC-E2e should be greater than or equal to HC-13a2.  | (bhcb3187 + bhcb2389 + bhcb6648 + bhcb2604) + (bhod3187 + bhod2389 + bhod6648 + bhod2604) ge bhdm6636                              |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality     | 9450        | HC-E2e      | BHOD2604    | HC-E2e should not be negative.  | bhod2604 ge 0 or bhod2604 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality     | 9460        | HC-EM1      | BHDMA243    | HC-EM1 should not be null and should not be negative.   | bhdma243 ne null and bhdma243 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality     | 6075        | HC-EM2      | BHDMA164    | Sum of HC-EM1 and HC-EM2 should be less than or equal to the sum of HC-E1d and HC-E2d.  | (bhdma243+bhdma164) le (bhcb6648 + bhod6648)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality     | 9460        | HC-EM2      | BHDMA164    | HC-EM2 should not be null and should not be negative.   | bhdma164 ne null and bhdma164 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality     | 6080        | HC-EM3      | BHDMA242    | If HC-EM3 is greater than zero, then HC-EM3 should be greater than or equal to \$100k.  | if bhdma242 gt 0 then bhdma242 ge 100  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality     | 9460        | HC-EM3      | BHDMA242    | HC-EM3 should not be null and should not be negative.   | bhdma242 ne null and bhdma242 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality     | 6090        | HC-EM4      | BHFNA245    | If the sum of HC-13b1 and HC-13b2 is greater than zero, then HC-EM4 should be greater than zero.  | if (bhfn6631 + bhfn6636) gt 0 then bhfna245 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-E     | Quality     | 9460        | HC-EM4      | BHFNA245    | HC-EM4 should not be null and should not be negative.   | bhfna245 ne null and bhfna245 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-F     | Intraseries | 6100        | HC-F1       | BHCKB556    | If HC-F1 (previous) is greater than zero, then HC-F1 (current) should be greater than zero.   | if bhckb556-q2 gt 0 then bhckb556-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-F     | Quality     | 9460        | HC-F1       | BHCKB556    | HC-F1 should not be null and should not be negative.  | bhckb556 ne null and bhckb556 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-F     | Quality     | 9460        | HC-F2       | BHCK2148    | HC-F2 should not be null and should not be negative.  | bhck2148 ne null and bhck2148 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-F     | Quality     | 9460        | HC-F3a      | BHCKA519    | HC-F3a should not be null and should not be negative.   | bhcka519 ne null and bhcka519 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-F     | Intraseries | 6120        | HC-F3b      | BHCKA520    | If HC-F3a (previous) is greater than HC-F3b (previous) then HC-F3a (current) should be greater HC-F3b (current).  | if bhcka519-q2 gt bhcka520-q2 then bhcka519-q1 gt bhcka520-q1  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-F     | Intraseries | 6125        | HC-F3b      | BHCKA520    | If HC-F3a (previous) is less than HC-F3b (previous) then HC-F3a (current) should be less HC-F3b (current).  | if bhcka519-q2 lt bhcka520-q2 then bhcka519-q1 lt bhcka520-q1  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-F     | Quality     | 9460        | HC-F3b      | BHCKA520    | HC-F3b should not be null and should not be negative.   | bhcka520 ne null and bhcka520 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-F     | Intraseries | 6130        | HC-F4       | BHCK1752    | If HC-F4 (previous) is greater than or equal to \$100K, then HC-F4 (current) should be greater than zero.   | if bhck1752-q2 ge 100 then bhck1752-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-F     | Quality     | 6135        | HC-F4       | BHCK1752    | For March, if HI-1g is greater than \$100K, then the sum of HC-F3a, HC-F3b and HC-F4 should be greater than zero.   | if ((mm-q1 eq 03) and (bhck4518 gt 100)) then (bhcka519 + bhcka520 + bhck1752) gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-F     | Intraseries | 6140        | HC-F4       | BHCK1752    | For June, September, and December, if HI-1g (current-previous) is greater than \$100K, then the sum of HC-F3a, HC-F3b, and HC-F4 should be greater than zero. | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4518-q1 - bhck4518-q2) gt 100) then (bhcka519 + bhcka520 + bhck1752) gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-F     | Quality     | 9460        | HC-F4       | BHCK1752    | HC-F4 should not be null and should not be negative.  | bhck1752 ne null and bhck1752 ge 0   |

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| FRY9C  | 20110331             | 99991231           | Revised     | HC-F     | Quality     | 9460        | HC-F5a      | BHCKK201    | HC-F5a should not be null and should not be negative.   | bhckk201 ne null and bhckk201 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-F     | Quality     | 9460        | HC-F5b      | BHCKK202    | HC-F5b should not be null and should not be negative.   | bhckk202 ne null and bhckk202 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-F     | Quality     | 9460        | HC-F5c      | BHCKK270    | HC-F5c should not be null and should not be negative.   | bhckk270 ne null and bhckk270 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-F     | Quality     | 9460        | HC-F6       | BHCK2168    | HC-F6 should not be null and should not be negative.  | bhck2168 ne null and bhck2168 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-F     | Quality     | 9460        | HC-F7       | bhct2160    | HC-F7 should not be null and should not be negative.  | bhct2160 ne null and bhct2160 ge 0  |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-G     | Intraseries | 6145        | HC-G2       | BHCK3049    | If HC-F2 (previous) is equal to zero or HC-G2 (previous) is equal to zero, then HC-F2 (current) should equal zero or HC-G2 (current) should equal zero. | if (bhck2148-q2 eq 0 or bhck3049-q2 eq 0) then (bhck2148-q1 eq 0 or bhck3049-q1 eq 0) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-G     | Quality     | 9460        | HC-G2       | BHCK3049    | HC-G2 should not be null and should not be negative.  | bhck3049 ne null and bhck3049 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-G     | Intraseries | 6150        | HC-G3       | BHCKB557    | If HC-G3 (previous) is greater than zero, then HC-G3 (current) should be greater than zero.   | if bhckb557-q2 gt 0 then bhckb557-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-G     | Quality     | 9460        | HC-G3       | BHCKB557    | HC-G3 should not be null and should not be negative.  | bhckb557 ne null and bhckb557 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-G     | Quality     | 9460        | HC-G4       | BHCKB984    | HC-G4 should not be null and should not be negative.  | bhckb984 ne null and bhckb984 ge 0  |
| FRY9C  | 20120630             | 20120630           | Ended       | HC-G     | Quality     | 1011        | HC-G4       | BHCKB984    | Sum of HC-P7a and HC-P7b should be less than or equal to HC-G4.   | (bhckl191 + bhckl192) le bhckb984   |
| FRY9C  | 20120930             | 99991231           | Added       | HC-G     | Quality     | 1012        | HC-G4       | BHCKB984    | HC-P7c should be less than or equal to HC-G4.   | bhckm288 le bhckb984  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-G     | Quality     | 9460        | HC-G5       | BHCT2750    | HC-G5 should not be null and should not be negative.  | bhct2750 ne null and bhct2750 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-H     | Quality     | 6160        | HC-H1       | BHCK3197    | HC-H1 should be greater than zero.  | bhck3197 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-H     | Quality     | 9460        | HC-H1       | BHCK3197    | HC-H1 should not be null and should not be negative.  | bhck3197 ne null and bhck3197 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-H     | Quality     | 6165        | HC-H2       | BHCK3296    | HC-H2 should be less than or equal to the sum of HC-13a2 and HC-13b2.   | bhck3296 le (bhdm6636 + bhfn6636)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-H     | Quality     | 9460        | HC-H2       | BHCK3296    | HC-H2 should not be null and should not be negative.  | bhck3296 ne null and bhck3296 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-H     | Quality     | 9460        | HC-H3       | BHCK3298    | HC-H3 should not be null and should not be negative.  | bhck3298 ne null and bhck3298 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-H     | Quality     | 9460        | HC-H4       | BHCK3408    | HC-H4 should not be null and should not be negative.  | bhck3408 ne null and bhck3408 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-H     | Quality     | 9460        | HC-H5       | BHCK3409    | HC-H5 should not be null and should not be negative.  | bhck3409 ne null and bhck3409 ge 0  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-I     | Quality     | 9460        | HC-I(I)1    | BHCKB988    | HC-I(I)1 should not be null and should not be negative.   | bhckb988 ne null and bhckb988 ge 0  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-I     | Quality     | 9460        | HC-I(I)2    | BHCKC244    | HC-I(I)2 should not be null and should not be negative.   | bhckc244 ne null and bhckc244 ge 0  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-I     | Quality     | 9460        | HC-I(I)3    | BHCKB990    | HC-I(I)3 should not be null and should not be negative.   | bhckb990 ne null and bhckb990 ge 0  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-I     | Quality     | 9460        | HC-I(I)4    | BHCKB991    | HC-I(I)4 should not be null and should not be negative.   | bhckb991 ne null and bhckb991 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality     | 6178        | HC-I(I)5    | BHCKC245    | HC-I(I)5 should be less than or equal to HC-I(I)2.  | bhckc245 le bhckc244  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-I     | Quality     | 9460        | HC-I(I)5    | BHCKC245    | HC-I(I)5 should not be null and should not be negative.   | bhckc245 ne null and bhckc245 ge 0  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-I     | Quality     | 9463        | HC-I(I)6    | BHCKC246    | HC-I(I)6 should not be null.  | bhckc246 ne null  |

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| FRY9C  | 20120331             | 99991231           | Added       | HC-I     | Quality   | 9468        | HC-I(II)1   | BHCKC247    | HC-I(II)1 should not be null and should not be negative.  | bhckc247 ne null and bhckc247 ge 0  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-I     | Quality   | 9468        | HC-I(II)2   | BHCKB992    | HC-I(II)2 should not be null and should not be negative.  | bhckb992 ne null and bhckb992 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality   | 6179        | HC-I(II)3   | BHCKC248    | If the sum of HC-I(II)6 and HC-I(II)7 is greater than zero, then the sum of HC-I(II)2 and HC-I(II)3 should be greater than zero.  | if (bhckc246 + bhckc250) gt 0 then (bhckc244 + bhckc248) gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality   | 6180        | HC-I(II)3   | BHCKC248    | If the sum of HI-5d4, HI-Mem12b1, and HI-Mem12b2 is greater than zero, then the sum of HC-I(II)2 and HC-I(II)3 should be greater than zero.   | if (bhckc386 + bhckc242 + bhckc243) gt 0 then (bhckc244 + bhckc248) gt 0  |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-I     | Quality   | 6181        | HC-I(II)3   | BHCKC248    | If the sum of HI-Mem12b1 and HI-Mem12b2 is greater than zero and equal to HI-5d5 (+/- 5%), then the sum of HC-I(II)2 and HC-I(II)3 should be greater than zero.                             | if (bhckc242 + bhckc243) gt 0 and ((bhckc242 + bhckc243) le (bhckc387 * 1.05) and (bhckc242 + bhckc243) ge (bhckc387 * 0.95)) then (bhckc244 + bhckc248) gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality   | 6182        | HC-I(II)3   | BHCKC248    | If HI-Mem12c is greater than zero, then the sum of HC-I(II)2 and HC-I(II)3 should be greater than zero.   | if bhckb983 gt 0 then (bhckc244 + bhckc248) gt 0  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-I     | Quality   | 9468        | HC-I(II)3   | BHCKC248    | HC-I(II)3 should not be null and should not be negative.  | bhckc248 ne null and bhckc248 ge 0  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-I     | Quality   | 9468        | HC-I(II)4   | BHCKB994    | HC-I(II)4 should not be null and should not be negative.  | bhckb994 ne null and bhckb994 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality   | 6183        | HC-I(II)5   | BHCKB996    | If HC-I(II)2 is greater than zero, then HC-I(II)2 should equal HC-I(II)5. (- 5%)  | if (bhckb992 gt 0) then bhckb992 ge (bhckb996 *.95) and bhckb992 le bhckb996  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-I     | Quality   | 9468        | HC-I(II)5   | BHCKB996    | HC-I(II)5 should not be null and should not be negative.  | bhckb996 ne null and bhckb996 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality   | 6185        | HC-I(II)6   | BHCKC249    | If the sum of HI-5d4, HI-Mem12b1, and HI-Mem12b2, HC-I(II)2, HC-I(II)6, HC-I(II)3, and HC-I(II)7 is greater than zero, then the sum of HC-I(II)5 and HC-I(II)6 should be greater than zero. | if (bhckc386 + bhckc242 + bhckc243 + bhckc244 + bhckc246 + bhckc248 + bhckc250) gt 0 then (bhckc245 + bhckc249) gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality   | 6187        | HC-I(II)6   | BHCKC249    | If the sum of HC-I(II)6 and HC-I(II)7 is greater than zero, then the sum of HC-I(II)5 and HC-I(II)6 should be greater than zero.  | if (bhckc246 + bhckc250) gt 0 then (bhckc245 + bhckc249) gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality   | 6188        | HC-I(II)6   | BHCKC249    | If the sum of HI-5d4, HI-Mem12b1 and HI-Mem12b2 is greater than zero, then the sum of HC-I(II)5 and HC-I(II)6 should be greater than zero.  | if (bhckc386 + bhckc242 + bhckc243) gt 0 then (bhckc245 + bhckc249) gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality   | 6189        | HC-I(II)6   | BHCKC249    | HC-I(II)6 should be less than or equal to HC-I(II)3.  | bhckc249 le bhckc248  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality   | 6190        | HC-I(II)6   | BHCKC249    | If HI-Mem12c is greater than zero, then the sum of HC-I(II)5 and HC-I(II)6 should be greater than zero.   | if bhckb983 gt 0 then (bhckc245 + bhckc249) gt 0  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-I     | Quality   | 9468        | HC-I(II)6   | BHCKC249    | HC-I(II)6 should not be null and should not be negative.  | bhckc249 ne null and bhckc249 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality   | 6191        | HC-I(II)7   | BHCKC250    | If the sum of HI-5d4, HI-Mem12b1, and HI-Mem12b2 is greater than zero, then the sum of HC-I(II)6 and HC-I(II)7 should not equal zero or null.   | if (bhckc386 + bhckc242 + bhckc243) gt 0 then (bhckc246 + bhckc250) ne 0 or null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality   | 6193        | HC-I(II)7   | BHCKC250    | If HI-Mem12c is greater than zero, then the sum HC-I(II)6 and HC-I(II)7 should not equal zero or null.  | if (bhckb983 gt 0) then (bhckc246 + bhckc250) ne 0 or null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality   | 6195        | HC-I(II)7   | BHCKC250    | If HC-M21 is greater than zero, then the sum of HI-5d4, HI-Mem12b2, HC-I(II)2, HC-I(II)5, HC-I(II)6, HC-I(II)3, HC-I(II)6, and HC-I(II)7 should be greater than zero.                       | if (bhckc253 gt 0) then (bhckc386 + bhckc243 + bhckc244 + bhckc245 + bhckc246 + bhckc248 + bhckc249 + bhckc250) gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-I     | Quality   | 6197        | HC-I(II)7   | BHCKC250    | If the sum of HC-I(II)2, HC-I(II)5, HC-I(II)3, and HC-I(II)6 is greater than \$100k, then the sum of HC-I(II)6 and HC-I(II)7 should not equal zero or null.                                 | if (bhckc244 + bhckc245 + bhckc248 + bhckc249) gt 100 then (bhckc246 + bhckc250) ne 0 or null   |
| FRY9C  | 20090331             | 99991231           | Revised     | HC-I     | Quality   | 6199        | HC-I(II)7   | BHCKC250    | If HC-I(II)6 and HC-I(II)7 are not equal to zero, then the sum of HC-I(II)6 and HC-I(II)7 should be less than HI-14.  | if ((bhckc246 + bhckc250) ne 0) then (bhckc246 + bhckc250) lt bhck4340  |

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| FRY9C  | 20120331             | 99991231           | Added       | HC-I     | Quality     | 9472        | HC-I(II)7   | BHCKC250    | HC-I(II)7 should not be null.   | bhckc250 ne null  |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Intraseries | 0520        | HC-K1a      | BHCKB558    | For June, September, and December, if HI-1d1 (current) minus HI-1d1 (previous) is greater than \$30K, then HC-K1a (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb488-q1 - bhckb488-q2) gt 30 then bhckb558-q1 gt 0  |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Quality     | 0520        | HC-K1a      | BHCKB558    | For March, if HI-1d1 is greater than \$30K, then HC-K1a should be greater than zero.  | if (mm-q1 eq 03) and bhckb488 gt 30 then bhckb558 gt 0  |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Intraseries | 6206        | HC-K1a      | BHCKB558    | For June, September, and December, if HI-1d1 (current) minus HI-1d1 (previous) is greater than \$30K and HC-K1a (current) is not equal to zero, then HI-1d1 (current) minus HI-1d1 (previous) divided by HC-K1a (current) should be less than or equal to 8.00%.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb488-q1 - bhckb488-q2) gt 30 and bhckb558-q1 ne 0 then ((bhckb488-q1 - bhckb488-q2) / bhckb558-q1) * 100 * 4 le 8.00  |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Quality     | 6206        | HC-K1a      | BHCKB558    | For March, if HI-1d1 is greater than \$30K and HC-K1a is not equal to zero, then HI-1d1 divided by HC-K1a should be less than or equal to 8.00%.  | if (mm-q1 eq 03) and bhckb488 gt 30 and bhckb558 ne 0 then (bhckb488 / bhckb558) * 100 * 4 le 8.00  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-K     | Intraseries | 6208        | HC-K1a      | BHCKB558    | For June, September, and December, if HC-K1a (current) is greater than \$4M, then HI-1d1 (current minus previous) divided by HC-K1a (current) should be greater than or equal to .50%.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and bhckb558-q1 gt 4000 then ((bhckb488-q1 - bhckb488-q2) / bhckb558-q1) * 100 * 4 ge .50                                      |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-K     | Quality     | 6208        | HC-K1a      | BHCKB558    | For March, if HC-K1a is greater than \$4M, then HI-1d1 divided by HC-K1a should be greater than or equal to .50%.   | if (mm-q1 eq 03) and bhckb558 gt 4000 then (bhckb488 / bhckb558) * 100 * 4 ge .50   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-K     | Quality     | 9480        | HC-K1a      | BHCKB558    | HC-K1a should not be null and should not be negative.   | bhckb558 ne null and bhckb558 ge 0  |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Intraseries | 0426        | HC-K1b      | BHCKB559    | For June, September, and December, if HI-1d2 (current) minus HI-1d2 (previous) is greater than \$100K and HC-K1b (current) is not equal to zero, then HI-1d2 (current) minus HI-1d2 (previous) divided by HC-K1b (current) should be less than or equal to 9.00%. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb489-q1 - bhckb489-q2) gt 100 and bhckb559-q1 ne 0 then ((bhckb489-q1 - bhckb489-q2) / bhckb559-q1) * 100 * 4 le 9.00 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-K     | Intraseries | 0427        | HC-K1b      | BHCKB559    | For June, September, and December, if HC-K1b (current) is greater than \$4M, then HI-1d2 (current minus previous) divided by HC-K1b (current) should be greater than or equal to 1.00%.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and bhckb559-q1 gt 4000 then ((bhckb489-q1 - bhckb489-q2) / bhckb559-q1) * 100 * 4 ge 1.00                                     |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Quality     | 0454        | HC-K1b      | BHCKB559    | For March, if HI-1d2 is greater than \$100K and HC-K1b is not equal to zero, then HI-1d2 divided by HC-K1b should be less than or equal to 9.00%.   | if (mm-q1 eq 03) and bhckb489 gt 100 and bhckb559 ne 0 then (bhckb489 / bhckb559) * 100 * 4 le 9.00   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-K     | Quality     | 0455        | HC-K1b      | BHCKB559    | For March, if HC-K1b is greater than \$4M, then HI-1d2 divided by HC-K1b should be greater than or equal to 1.00%.  | if (mm-q1 eq 03) and bhckb559 gt 4000 then (bhckb489 / bhckb559) * 100 * 4 ge 1.00  |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Intraseries | 0521        | HC-K1b      | BHCKB559    | For June, September, and December, if HI-1d2 (current) minus HI-1d2 (previous) is greater than \$100K, then HC-K1b (current) should be greater than zero.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb489-q1 - bhckb489-q2) gt 100 then bhckb559-q1 gt 0   |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Quality     | 0521        | HC-K1b      | BHCKB559    | For March, if HI-1d2 is greater than \$100K, then HC-K1b should be greater than zero.   | if (mm-q1 eq 03) and bhckb489 gt 100 then bhckb559 gt 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-K     | Quality     | 9480        | HC-K1b      | BHCKB559    | HC-K1b should not be null and should not be negative.   | bhckb559 ne null and bhckb559 ge 0  |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Intraseries | 0428        | HC-K1c      | BHCKB560    | For June, September, and December, if HI-1d3 (current) minus HI-1d3 (previous) is greater than \$75K and HC-K1c (current) is not equal to zero, then HI-1d3 (current) minus HI-1d3 (previous) divided by HC-K1c (current) should be less than or equal to 10.00%. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4060-q1 - bhck4060-q2) gt 75 and bhckb560-q1 ne 0 then ((bhck4060-q1 - bhck4060-q2) / bhckb560-q1) * 100 * 4 le 10.00 |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|---|
| FRY9C  | 20110331             | 99991231           | Added       | HC-K     | Intraseries | 0429        | HC-K1c      | BHCKB560    | For June, September, and December, if HC-K1c (current) is greater than \$4M, then HI-1d3 (current minus previous) divided by HC-K1c (current) should be greater than or equal to 1.00%.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and bhckb560-q1 gt 4000 then ((bhck4060-q1 - bhck4060-q2) / bhckb560-q1) * 100 * 4 ge 1.00   |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Quality     | 0456        | HC-K1c      | BHCKB560    | For March, if HI-1d3 is greater than \$75K and HC-K1c is not equal to zero, then HI-1d3 divided by HC-K1c should be less than or equal to 10.00%.  | if (mm-q1 eq 03) and bhck4060 gt 75 and bhckb560 ne 0 then (bhck4060 / bhckb560) * 100 * 4 le 10.00   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-K     | Quality     | 0457        | HC-K1c      | BHCKB560    | For March, if HC-K1c is greater than \$4M, then HI-1d3 divided by HC-K1c should be greater than or equal to 1.00%.   | if (mm-q1 eq 03) and bhckb560 gt 4000 then (bhck4060 / bhckb560) * 100 * 4 ge 1.00  |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Intraseries | 0522        | HC-K1c      | BHCKB560    | For June, September, and December, if HI-1d3 (current) minus HI-1d3 (previous) is greater than \$75K, then HC-K1c (current) should be greater than zero.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4060-q1 - bhck4060-q2) gt 75 then bhckb560-q1 gt 0  |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Quality     | 0522        | HC-K1c      | BHCKB560    | For March, if HI-1d3 is greater than \$75K, then HC-K1c should be greater than zero.   | if (mm-q1 eq 03) and bhck4060 gt 75 then bhckb560 gt 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-K     | Quality     | 9480        | HC-K1c      | BHCKB560    | HC-K1c should not be null and should not be negative.  | bhckb560 ne null and bhckb560 ge 0  |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Intraseries | 0523        | HC-K2       | BHCK3365    | For June, September, and December, if HI-1f (current) minus HI-1f (previous) is greater than \$50K, then HC-K2 (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4020-q1 - bhck4020-q2) gt 50 then bhck3365-q1 gt 0  |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Quality     | 0523        | HC-K2       | BHCK3365    | For March, if HI-1f is greater than \$50K, then HC-K2 should be greater than zero.   | if (mm-q1 eq 03) and bhck4020 gt 50 then bhck3365 gt 0  |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Intraseries | 6210        | HC-K2       | BHCK3365    | For June, September, and December, if HI-1f (current) minus HI-1f (previous) is greater than \$50K and HC-K2 (current) is not equal to zero, then HI-1f (current) minus HC-K2 (previous) divided by HC-K2 (current) should be less than 4.00%.           | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4020-q1 - bhck4020-q2) gt 50 and bhck3365-q1 ne 0 then ((bhck4020-q1 - bhck4020-q2) / bhck3365-q1) * 100 * 4 lt 4.00      |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Quality     | 6210        | HC-K2       | BHCK3365    | For March, if HI-1f is greater than \$50K and HC-K2 is not equal to zero, then HI-1f divided by HC-K2 should be less than 4.00%.   | if (mm-q1 eq 03) and bhck4020 gt 50 and bhck3365 ne 0 then (bhck4020 / bhck3365) * 100 * 4 lt 4.00  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Quality     | 9480        | HC-K2       | BHCK3365    | HC-K2 should not be null and should not be negative.   | bhck3365 ne null and bhck3365 ge 0  |
| FRY9C  | 20100930             | 99991231           | Added       | HC-K     | Quality     | 0394        | HC-K3a      | BHDM3516    | HC-K3a should be greater than or equal to the sum of HC-K3a1 and HC-K3a2.  | bhdm3516 ge (bhdm3465 + bhdm3466)   |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Quality     | 6220        | HC-K3a      | BHDM3516    | If HC-C12B is greater than zero, then HC-K3a should be greater than zero.  | if bhdm2122 gt 0 then bhdm3516 gt 0   |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Quality     | 9480        | HC-K3a      | BHDM3516    | HC-K3a should not be null and should not be negative.  | bhdm3516 ne null and bhdm3516 ge 0  |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Intraseries | 0081        | HC-K3a1     | BHDM3465    | For June, September, and December, if HI-1a1a (current minus previous) is greater than \$100 thousand and HC-K3a1 (current) is greater than 0, then HI-1a1a (current minus previous) divided by HC-K3a1 (current) should be less than or equal to 8.00%. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and ((bhck4435-q1 - bhck4435-q2) gt 100) and (bhdm3465-q1 gt 0) then ((bhck4435-q1 - bhck4435-q2) / bhdm3465-q1) * 100 * 4 le 8.00 |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Quality     | 0084        | HC-K3a1     | BHDM3465    | For March, if HI-1a1a is greater than \$100 thousand and HC-K3a1 is greater than 0, then HI-1a1a divided by HC-K3a1 should be less than or equal to 8.00%.   | if (mm-q1 eq 03) and (bhck4435 gt 100) and (bhdm3465 gt 0) then (bhck4435 / bhdm3465) * 100 * 4 le 8.00   |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Intraseries | 0087        | HC-K3a1     | BHDM3465    | For June, September, and December, if HC-K3a1 (current) is greater than \$4 million, then HI-1a1a (current minus previous) divided by HC-K3a1 (current) should be greater than or equal to 4.00%.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhdm3465-q1 gt 4000) then ((bhck4435-q1 - bhck4435-q2) / bhdm3465-q1) * 100 * 4 ge 4.00                                       |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|--|
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Quality     | 0090        | HC-K3a1     | BHDM3465    | For March, if HC-K3a1 is greater than \$4 million, then HI-1a1a divided by HC-K3a1 should be greater than or equal to 4.00%.   | if (mm-q1 eq 03) and (bhdm3465 gt 4000) then (bhck4435 / bhdm3465) * 100 * 4 ge 4.00   |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Quality     | 9480        | HC-K3a1     | BHDM3465    | HC-K3a1 should not be null and should not be negative.   | bhdm3465 ne null and bhdm3465 ge 0   |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Intraseries | 0082        | HC-K3a2     | BHDM3466    | For June, September, and December, if HI-1a1b (current minus previous) is greater than \$100 thousand and HC-K3a2 (current) is greater than 0, then HI-1a1b (current minus previous) divided by HC-K3a2 (current) should be less than or equal to 9.00%. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and ((bhck4436-q1 - bhck4436-q2) gt 100) and (bhdm3466-q1 gt 0) then ((bhck4436-q1 - bhck4436-q2) / bhdm3466-q1) * 100 * 4 le 9.00    |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Quality     | 0085        | HC-K3a2     | BHDM3466    | For March, if HI-1a1b is greater than \$100 thousand and HC-K3a2 is greater than 0, then HI-1a1b divided by HC-K3a2 should be less than or equal to 9.00%.   | if (mm-q1 eq 03) and (bhck4436 gt 100) and (bhdm3466 gt 0) then (bhck4436 / bhdm3466) * 100 * 4 le 9.00  |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Intraseries | 0088        | HC-K3a2     | BHDM3466    | For June, September, and December, if HC-K3a2 (current) is greater than \$4 million, then HI-1a1b (current minus previous) divided by HC-K3a2 (current) should be greater than or equal to 4.00%.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhdm3466-q1 gt 4000) then ((bhck4436-q1 - bhck4436-q2) / bhdm3466-q1) * 100 * 4 ge 4.00  |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Quality     | 0091        | HC-K3a2     | BHDM3466    | For March, if HC-K3a2 is greater than \$4 million, then HI-1a1b divided by HC-K3a2 should be greater than or equal to 4.00%.   | if (mm-q1 eq 03) and (bhdm3466 gt 4000) then (bhck4436 / bhdm3466) * 100 * 4 ge 4.00   |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Quality     | 9480        | HC-K3a2     | BHDM3466    | HC-K3a2 should not be null and should not be negative.   | bhdm3466 ne null and bhdm3466 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-K     | Quality     | 9480        | HC-K3a3     | BHDM3386    | HC-K3a3 should not be null and should not be negative.   | bhdm3386 ne null and bhdm3386 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-K     | Quality     | 9480        | HC-K3a4     | BHDM3387    | HC-K3a4 should not be null and should not be negative.   | bhdm3387 ne null and bhdm3387 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-K     | Quality     | 9480        | HC-K3a5a    | BHDMB561    | HC-K3a5a should not be null and should not be negative.  | bhdmB561 ne null and bhdmB561 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-K     | Quality     | 9480        | HC-K3a5b    | BHDMB562    | HC-K3a5b should not be null and should not be negative.  | bhdmB562 ne null and bhdmB562 ge 0   |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Intraseries | 0524        | HC-K3b      | BHFN3360    | For June, September, and December, if HI-1a2 (current) minus HI-1a2 (previous) is greater than \$100K, then HC-K3b (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4059-q1 - bhck4059-q2) gt 100 then bhfn3360-q1 gt 0  |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Quality     | 0524        | HC-K3b      | BHFN3360    | For March, if HI-1a2 is greater than \$100K, then HC-K3b should be greater than zero.  | if (mm-q1 eq 03) and bhck4059 gt 100 then bhfn3360 gt 0  |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Intraseries | 6216        | HC-K3b      | BHFN3360    | For June, September, and December, if HI-1a2 (current minus previous) is greater than \$100 thousand and HC-K3b (current) is greater than zero, then HI-1a2 (current minus previous) divided by HC-K3b (current) should be less than or equal to 12.00%. | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4059-q1 - bhck4059-q2) gt 100 and (bhfn3360-q1 gt 0)) then ((bhck4059-q1 - bhck4059-q2) / (bhfn3360-q1)) * 100 * 4 le 12.00 |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Quality     | 6216        | HC-K3b      | BHFN3360    | For March, if HI-1a2 is greater than \$100 thousand and HC-K3b is greater than zero, then HI-1a2 divided by HC-K3b should be less than or equal to 12.00%.   | if ((mm-q1 eq 03) and (bhck4059 gt 100) and (bhfn3360 gt 0)) then (bhck4059 / bhfn3360) * 100 * 4 le 12.00   |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Intraseries | 6218        | HC-K3b      | BHFN3360    | For June, September, and December, if HC-K3b (current) is greater than \$4 million, then HI-1a2 (current minus previous) divided by HC-K3b (current) should be greater than or equal to 6.00%.   | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhfn3360-q1 gt 4000)) then ((bhck4059-q1 - bhck4059-q2) / bhfn3360-q1) * 100 * 4 ge 6.00  |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Quality     | 6218        | HC-K3b      | BHFN3360    | For March, if HC-K3b is greater than \$4 million, then HI-1a2 divided by HC-K3b should be greater than or equal to 6.00%.  | if ((mm-q1 eq 03) and (bhfn3360 gt 4000)) then (bhck4059 / bhfn3360) * 100 * 4 ge 6.00   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|---|
| FRY9C  | 20100331             | 99991231           | Revised     | HC-K     | Quality     | 9480        | HC-K3b      | BHFN3360    | HC-K3b should not be null and should not be negative.  | bhfn3360 ne null and bhfn3360 ge 0  |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Intraseries | 0525        | HC-K4a      | BHCK3401    | For June, September, and December, if HI-1e (current) minus HI-1e (previous) is greater than \$30K, then HC-K4a (current) should be greater than zero.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4069-q1 - bhck4069-q2) gt 30 then bhck3401-q1 gt 0  |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Quality     | 0525        | HC-K4a      | BHCK3401    | For March, if HI-1e is greater than \$30K, then HC-K4a should be greater than zero.  | if (mm-q1 eq 03) and bhck4069 gt 30 then bhck3401 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Quality     | 6222        | HC-K4a      | BHCK3401    | If HC-5 is greater than zero, then HC-K4a should be greater than zero.   | if bhck3545 gt 0 then bhck3401 gt 0   |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Intraseries | 6224        | HC-K4a      | BHCK3401    | For June, September, and December, if HI-1e (current) minus HI-1e (previous) is greater than \$30K and HC-K4a (current) is not equal to zero, then HI-1e (current) minus HI-1e (previous) divided by HC-K4a (current) should be less than 7.00%.                             | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4069-q1 - bhck4069-q2) gt 30 and bhck3401-q1 ne 0 then ((bhck4069-q1 - bhck4069-q2) / bhck3401-q1) * 100 * 4 lt 7.00  |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Quality     | 6224        | HC-K4a      | BHCK3401    | For March, if HI-1e is greater than \$30K and HC-K4a is not equal to zero, then HI-1e divided by HC-K4a should be less than 7.00%.   | if (mm-q1 eq 03) and bhck4069 gt 30 and bhck3401 ne 0 then (bhck4069 / bhck3401) * 100 * 4 lt 7.00  |
| FRY9C  | 20090331             | 99991231           | Revised     | HC-K     | Intraseries | 6227        | HC-K4a      | BHCK3401    | For June, September, and December, if HC-K4a (current) is greater than \$4M, then HI-1e (current minus previous) divided by HC-K4a (current) should be greater than or equal to 2.00%.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and bhck3401-q1 gt 4000 then ((bhck4069-q1 - bhck4069-q2) / bhck3401-q1) * 100 * 4 ge 2.00   |
| FRY9C  | 20090331             | 99991231           | Revised     | HC-K     | Quality     | 6227        | HC-K4a      | BHCK3401    | For March, if HC-K4a is greater than \$4M, then HI-1e divided by HC-K4a should be greater than or equal to 2.00%.  | if (mm-q1 eq 03) and bhck3401 gt 4000 then (bhck4069 / bhck3401) * 100 * 4 ge 2.00  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Quality     | 6229        | HC-K4a      | BHCK3401    | If HC-K4a is greater than \$1M, then HC-K4a should not equal HC-5.   | if bhck3401 gt 1000 then bhck3401 ne bhck3545   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Quality     | 9480        | HC-K4a      | BHCK3401    | HC-K4a should not be null and should not be negative.  | bhck3401 ne null and bhck3401 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Quality     | 6230        | HC-K4b      | BHCKB985    | If the sum of HC-1b1, HC-1b2, and HC-8 is greater than zero, then HC-K4b should be greater than zero.  | if (bhck0395 + bhck0397 + bhck2130) gt 0 then bhckb985 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Quality     | 9480        | HC-K4b      | BHCKB985    | HC-K4b should not be null and should not be negative.  | bhckb985 ne null and bhckb985 ge 0  |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Intraseries | 0526        | HC-K5       | BHCK3368    | If HI-A9 (current) equals zero, and HC-12 (current) plus HC-12 (previous) is greater than zero then HC-K5 (current) should not be equal to zero.   | if bhck4356-q1 eq 0 and (bhck2170-q1 + bhck2170-q2) gt 0 then bhck3368-q1 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Quality     | 6240        | HC-K5       | BHCK3368    | HC-K5 should not equal HC-12.  | bhck3368 ne bhck2170  |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Intraseries | 6245        | HC-K5       | BHCK3368    | If HI-A9 (current) equals zero and HC-K5 (current) is greater than zero and HC-12 (current) plus HC-12 (previous) divided by 2 is greater than zero, then (HC-K5 (current) divided by HC-12 (current) plus HC-12 (previous) divided by 2) should be in the range of 75-125%. | if bhck4356-q1 eq 0 and bhck3368-q1 gt 0 and ((bhck2170-q1 + bhck2170-q2) / 2) gt 0 then ((bhck3368-q1 / ((bhck2170-q1 + bhck2170-q2) / 2)) * 100) ge 75 and ((bhck3368-q1 / ((bhck2170-q1 + bhck2170-q2) / 2)) * 100) le 125 |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-K     | Quality     | 6250        | HC-K5       | BHCK3368    | The sum of HC-K1a through HC-K3a and HC-K3b through HC-K4b should be less than or equal to HC-K5.  | (bhckb558 + bhckb559 + bhckb560 + bhck3365 + bhdm3516 + bhfn3360 + bhck3401 + bhckb985) le bhck3368   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Quality     | 9480        | HC-K5       | BHCK3368    | HC-K5 should not be null and should not be negative.   | bhck3368 ne null and bhck3368 ge 0  |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Intraseries | 0527        | HC-K6       | BHCK3517    | For June, September, and December, if the sum of HI-2a1a, HI-2a1b, and HI-2a1c (current) minus the sum of HI-2a1a, HI-2a1b, and HI-2a1c (previous) is greater than \$50K, then HC-K6 (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and ((bhcka517-q1 + bhcka518-q1 + bhck6761-q1) - (bhcka517-q2 + bhcka518-q2 + bhck6761-q2)) gt 50 then bhck3517-q1 gt 0  |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test   | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Quality     | 0527        | HC-K6       | BHCK3517    | For March, if the sum of HI-2a1a, HI-2a1b, and HI-2a1c is greater than \$50K, then HC-K6 should be greater than zero.   | if (mm-q1 eq 03) and (bhcka517 + bhcka518 + bhck6761) gt 50 then bhck3517 gt 0   |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Intraseries | 6251        | HC-K6       | BHCK3517    | For June, September, and December, if the sum of HI-2a1a, HI-2a1b, and HI-2a1c (current) minus the sum of HI-2a1a, HI-2a1b, and HI-2a1c (previous) is greater than \$50K and HC-K6 (current) is not equal to zero, then the sum of HI-2a1a, HI-2a1b, and HI-2a1c (current) minus HI-2a1c (previous) divided by HC-K6 (current) should be less than 6.00%. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and ((bhcka517-q1 + bhcka518-q1 + bhck6761-q1) - (bhcka517-q2 + bhcka518-q2 + bhck6761-q2)) gt 50 and bhck3517-q1 ne 0 then (((bhcka517-q1 + bhcka518-q1 + bhck6761-q1) - (bhcka517-q2 + bhcka518-q2 + bhck6761-q2)) / bhck3517-q1) * 100 * 4 lt 6.00 |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Quality     | 6251        | HC-K6       | BHCK3517    | For March, if the sum of HI-2a1a, HI-2a1b, and HI-2a1c is greater than \$50K and HC-K6 is not equal to zero, then the sum of HI-2a1a, HI-2a1b, and HI-2a1c divided by HC-K6 should be less than 6.00%.  | if (mm-q1 eq 03) and (bhcka517 + bhcka518 + bhck6761) gt 50 and bhck3517 ne 0 then ((bhcka517 + bhcka518 + bhck6761) / bhck3517) * 100 * 4 lt 6.00   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-K     | Intraseries | 6253        | HC-K6       | BHCK3517    | For June, September, and December, if HC-K6 (current) is greater than \$3M then the sum of HI-2a1a, HI-2a1b and HI-2a1c (current minus previous) divided by HC-K6 (current) should be greater than or equal to .5%.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and bhck3517-q1 gt 3000 then (((bhcka517-q1 + bhcka518-q1 + bhck6761-q1) - (bhcka517-q2 + bhcka518-q2 + bhck6761-q2)) / bhck3517-q1) * 100 * 4 ge .5  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-K     | Quality     | 6253        | HC-K6       | BHCK3517    | For March, if HC-K6 is greater than \$3M then the sum of HI-2a1a, HI-2a1b and HI-2a1c divided by HC-K6 should be greater than or equal to .5%.  | if (mm-q1 eq 03) and bhck3517 gt 3000 then ((bhcka517 + bhcka518 + bhck6761) / bhck3517) * 100 * 4 ge .5   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Quality     | 6256        | HC-K6       | BHCK3517    | If HC-K6 is greater than \$1M, then HC-K6 should not equal HC-13a2.   | if bhck3517 gt 1000 then bhck3517 ne bhdm6636  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Quality     | 9480        | HC-K6       | BHCK3517    | HC-K6 should not be null and should not be negative.  | bhck3517 ne null and bhck3517 ge 0   |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Intraseries | 0528        | HC-K7       | BHCK3404    | For June, September, and December, if HI-2a2 (current) minus HI-2a2 (previous) is greater than \$20K, then HC-K7 (current) should be greater than zero.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4172-q1 - bhck4172-q2) gt 20 then bhck3404-q1 gt 0   |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Quality     | 0528        | HC-K7       | BHCK3404    | For March, if HI-2a2 is greater than \$20K, then HC-K7 should be greater than zero.   | if (mm-q1 eq 03) and bhck4172 gt 20 then bhck3404 gt 0   |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Intraseries | 6271        | HC-K7       | BHCK3404    | For June, September, and December, if HI-2a2 (current) minus HI-2a2 (previous) is greater than \$20K and HC-K7 (current) is not equal to zero, then HI-2a2 (current) minus HI-2a2 (previous) divided by HC-K7 (current) should be less than 4.00%.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4172-q1 - bhck4172-q2) gt 20 and bhck3404-q1 ne 0 then ((bhck4172-q1 - bhck4172-q2) / bhck3404-q1) * 100 * 4 lt 4.00   |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Quality     | 6271        | HC-K7       | BHCK3404    | For March, if HI-2a2 is greater than \$20K and HC-K7 is not equal to zero, then HI-2a2 divided by HC-K7 should be less than 4.00%.  | if (mm-q1 eq 03) and bhck4172 gt 20 and bhck3404 ne 0 then (bhck4172 / bhck3404) * 100 * 4 lt 4.00   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Quality     | 6275        | HC-K7       | BHCK3404    | If HC-K7 is greater than \$1M, then HC-K7 should not equal HC-13b2.   | if bhck3404 gt 1000 then bhck3404 ne bhfn6636  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Quality     | 9480        | HC-K7       | BHCK3404    | HC-K7 should not be null and should not be negative.  | bhck3404 ne null and bhck3404 ge 0   |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Intraseries | 0529        | HC-K8       | BHCK3353    | For June, September, and December, if HI-2b (current) minus HI-2b(previous) is greater than \$50K, then HC-K8 (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4180-q1 - bhck4180-q2) gt 50 then bhck3353-q1 gt 0   |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Quality     | 0529        | HC-K8       | BHCK3353    | For March, if HI-2b is greater than \$50K, then HC-K8 should be greater than zero.  | if (mm-q1 eq 03) and bhck4180 gt 50 then bhck3353 gt 0   |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Intraseries | 6281        | HC-K8       | BHCK3353    | For June, September, and December, if HI-2b (current) minus HI-2b (previous) is greater than \$50K and HC-K8 (current) is not equal to zero, then HI-2b (current) minus HI-2b (previous) divided by HC-K8 (current) should be less than 6.00%.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4180-q1 - bhck4180-q2) gt 50 and bhck3353-q1 ne 0 then ((bhck4180-q1 - bhck4180-q2) / bhck3353-q1) * 100 * 4 lt 6.00   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Quality     | 6281        | HC-K8       | BHCK3353    | For March, if HI-2b is greater than \$50K and HC-K8 is not equal to zero, then HI-2b divided by HC-K8 should be less than 6.00%.  | if (mm-q1 eq 03) and bhck4180 gt 50 and bhck3353 ne 0 then (bhck4180 / bhck3353) * 100 * 4 lt 6.00   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Quality     | 9480        | HC-K8       | BHCK3353    | HC-K8 should not be null and should not be negative.  | bhck3353 ne null and bhck3353 ge 0   |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Intraseries | 0530        | HC-K9       | BHCK2635    | For June, September, and December, if HC-15 (current) equals zero and HI-2c (current) minus HI-2c (previous) is greater than \$100K, then HC-K9 (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and bhck3548-q1 eq 0 and (bhck4185-q1 - bhck4185-q2) gt 100 then bhck2635-q1 gt 0   |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Quality     | 0530        | HC-K9       | BHCK2635    | For March, if HC-15 equals zero and HI-2c is greater than \$100K, then HC-K9 should be greater than zero.   | if (mm-q1 eq 03) and bhck3548 eq 0 and bhck4185 gt 100 then bhck2635 gt 0  |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Intraseries | 6288        | HC-K9       | BHCK2635    | For June, September, and December, if HC-15 (current) equals zero and HI-2c (current) minus HI-2c (previous) is greater than \$100K and HC-K9 (current) is not equal to zero, then HI-2c (current) minus HI-2c (previous) divided by HC-K9 (current) should be less than 9.00%. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and bhck3548-q1 eq 0 and (bhck4185-q1 - bhck4185-q2) gt 100 and bhck2635-q1 ne 0 then ((bhck4185-q1 - bhck4185-q2) / bhck2635-q1) * 100 * 4 lt 9.00       |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Quality     | 6288        | HC-K9       | BHCK2635    | For March, if HC-15 equals zero and HI-2c is greater than \$100K and HC-K9 is not equal to zero, then HI-2c divided by HC-K9 should be less than 9.00%.   | if (mm-q1 eq 03) and bhck3548 eq 0 and bhck4185 gt 100 and bhck2635 ne 0 then (bhck4185 / bhck2635) * 100 * 4 lt 9.00  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-K     | Intraseries | 6290        | HC-K9       | BHCK2635    | For June, September, and December, if HC-15 (current) equals zero and HC-K9 (current) is greater than \$4M, then HI-2c (current minus previous) divided by HC-K9 (current) should be greater than or equal to .75%.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and bhck3548-q1 eq 0 and bhck2635-q1 gt 4000 then ((bhck4185-q1 - bhck4185-q2) / bhck2635-q1) * 100 * 4 ge .75  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-K     | Quality     | 6290        | HC-K9       | BHCK2635    | For March, if HC-15 equals zero and HC-K9 is greater than \$4M, then HI-2c divided by HC-K9 should be greater than or equal to .75%.  | if (mm-q1 eq 03) and bhck3548 eq 0 and bhck2635 gt 4000 then (bhck4185 / bhck2635) * 100 * 4 ge .75  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Quality     | 9480        | HC-K9       | BHCK2635    | HC-K9 should not be null and should not be negative.  | bhck2635 ne null and bhck2635 ge 0   |
| FRY9C  | 20111231             | 99991231           | Added       | HC-K     | Intraseries | 0532        | HC-K11      | BHCK3519    | If HC-27a (current) is not equal to zero or HC-27a (previous) is not equal to zero, then HC-K11 (current) should not be equal to zero.  | if (bhck3210-q1 ne 0 or bhck3210-q2 ne 0) then bhck3519-q1 ne 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Quality     | 6293        | HC-K11      | BHCK3519    | Sum of HC-K6 through HC-K11 should be less than or equal to HC-K5.  | (bhck3517 + bhck3404 + bhck3353 + bhck2635 + bhck3519) le bhck3368   |
| FRY9C  | 20111231             | 99991231           | Revised     | HC-K     | Intraseries | 6295        | HC-K11      | BHCK3519    | If HC-K11 (current) is greater than zero and HC-27a (current) plus HC-27a (previous) divided by 2 is greater than zero, then HC-K11 (current) divided by HC-27a (current) plus HC-27a (previous) divided by 2 should be in the range of 75 - 125%.                              | if bhck3519-q1 gt 0 and ((bhck3210-q1 + bhck3210-q2) / 2) gt 0 then ((bhck3519-q1 / ((bhck3210-q1 + bhck3210-q2) / 2)) * 100) ge 75 and ((bhck3519-q1 / ((bhck3210-q1 + bhck3210-q2) / 2)) * 100) le 125 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-K     | Quality     | 9480        | HC-K11      | BHCK3519    | HC-K11 should not be null and should not be negative.   | bhck3519 ne null and bhck3519 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 6297        | HC-L1a      | BHCK3814    | If HC-C1c1B equals zero, then HC-L1a should be less than \$500K.  | if bhdm1797 eq 0 then bhck3814 lt 500  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L1a      | BHCK3814    | HC-L1a should not be null and should not be negative.   | bhck3814 ne null and bhck3814 ge 0   |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-L     | Quality     | 9480        | HC-L1b1     | BHCKJ455    | HC-L1b1 should not be null and should not be negative.  | bhckj455 ne null and bhckj455 ge 0   |
| FRY9C  | 20100331             | 99991231           | Added       | HC-L     | Quality     | 9480        | HC-L1b2     | BHCKJ456    | HC-L1b2 should not be null and should not be negative.  | bhckj456 ne null and bhckj456 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L1c1     | BHCK3816    | HC-L1c1 should not be null and should not be negative.  | bhck3816 ne null and bhck3816 ge 0   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L1c1a    | BHCKF164    | HC-L1c1a should not be null and should not be negative.  | bhckf164 ne null and bhckf164 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L1c1b    | BHCKF165    | HC-L1c1b should not be null and should not be negative.  | bhckf165 ne null and bhckf165 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 6299        | HC-L1c2     | BHCK6550    | If HC-L1c2 is greater than \$1M, then HC-CM2 should be greater than zero.  | if bhck6550 gt 1000 then bhck2746 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L1c2     | BHCK6550    | HC-L1c2 should not be null and should not be negative.   | bhck6550 ne null and bhck6550 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Intraseries | 6300        | HC-L1d      | BHCK3817    | If HC-L1d (previous) equals zero, then HC-L1d (current) should equal zero.   | if bhck3817-q2 eq 0 then bhck3817-q1 eq 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L1d      | BHCK3817    | HC-L1d should not be null and should not be negative.  | bhck3817 ne null and bhck3817 ge 0  |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-L     | Quality     | 9480        | HC-L1e1     | BHCKJ457    | HC-L1e1 should not be null and should not be negative.   | bhckj457 ne null and bhckj457 ge 0  |
| FRY9C  | 20100331             | 99991231           | Added       | HC-L     | Quality     | 9480        | HC-L1e2     | BHCKJ458    | HC-L1e2 should not be null and should not be negative.   | bhckj458 ne null and bhckj458 ge 0  |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-L     | Intraseries | 6302        | HC-L1e3     | BHCKJ459    | If HC-12 (previous) is not equal to zero and HC-12 (current) is not equal to zero and the sum of HC-L1a through HC-L1c1 (previous) and HC-L1c2 through HC-L1e3 (previous) divided by HC-12 (previous) is less than 50 percent, then the sum of HC-L1a through HC-L1c1 (current) and HC-L1c2 through HC-L1e3 (current) divided by HC-12 (current) should be less than 50 percent.                               | if bhck2170-q2 ne 0 and bhck2170-q1 ne 0 and ((bhck3814-q2 + bhckj455-q2 + bhckj456-q2 + bhck3816-q2 + bhck6550-q2 + bhck3817-q2 + bhckj457-q2 + bhckj458-q2 + bhckj459-q2) / bhck2170-q2) * 100 lt 50 then ((bhck3814-q1 + bhckj455-q1 + bhckj456-q1 + bhck3816-q1 + bhck6550-q1 + bhck3817-q1 + bhckj457-q1 + bhckj458-q1 + bhckj459-q1) / bhck2170-q1) * 100 lt 50 |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-L     | Intraseries | 6303        | HC-L1e3     | BHCKJ459    | If HC-12 (previous) is not equal to zero and HC-12 (current) is not equal to zero and the sum of HC-L1a through HC-L1c1 (previous) and HC-L1c2 through HC-L1e3 (previous) divided by HC-12 (previous) is greater than or equal to 50 percent, then the sum of HC-L1a through HC-L1c1 (current) and HC-L1c2 through HC-L1e3 (current) divided by HC-12 (current) should be greater than or equal to 50 percent. | if bhck2170-q2 ne 0 and ((bhck3814-q2 + bhckj455-q2 + bhckj456-q2 + bhck3816-q2 + bhckj457-q2 + bhckj458-q2 + bhckj459-q2) / bhck2170-q2) * 100 ge 50 then ((bhck3814-q1 + bhckj455-q1 + bhckj456-q1 + bhck3816-q1 + bhck6550-q1 + bhck3817-q1 + bhckj457-q1 + bhckj458-q1 + bhckj459-q1) / bhck2170-q1) * 100 ge 50  |
| FRY9C  | 20100331             | 99991231           | Added       | HC-L     | Quality     | 9480        | HC-L1e3     | BHCKJ459    | HC-L1e3 should not be null and should not be negative.   | bhckj459 ne null and bhckj459 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 6305        | HC-L2       | BHCK6566    | HC-L2 divided by HC-12 should not exceed tolerance of 25%  | (bhck6566 / bhck2170) *100 le 25  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 6306        | HC-L2       | BHCK6566    | If HC-L2 is greater than zero, then HC-L2a should not equal HC-L2.   | if bhck6566 gt 0 then bhck3820 ne bhck6566  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L2       | BHCK6566    | HC-L2 should not be null and should not be negative.   | bhck6566 ne null and bhck6566 ge 0  |
| FRY9C  | 20090331             | 99991231           | Added       | HC-L     | Quality     | 9470        | HC-L2a      | BHCK3820    | HC-L2a should not be negative.   | bhck3820 ge 0 or bhck3820 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 6308        | HC-L3       | BHCK6570    | HC-L3 divided by HC-12 should not exceed tolerance of 25%  | (bhck6570 / bhck2170) *100 le 25  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 6309        | HC-L3       | BHCK6570    | If HC-L3 is greater than zero, then HC-L3a should not equal HC-L3.   | if bhck6570 gt 0 then bhck3822 ne bhck6570  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L3       | BHCK6570    | HC-L3 should not be null and should not be negative.   | bhck6570 ne null and bhck6570 ge 0  |
| FRY9C  | 20090331             | 99991231           | Added       | HC-L     | Quality     | 9470        | HC-L3a      | BHCK3822    | HC-L3a should not be negative.   | bhck3822 ge 0 or bhck3822 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 6311        | HC-L4       | BHCK3411    | HC-L4 divided by HC-12 should not exceed tolerance of 25%  | (bhck3411/bhck2170) *100 le 25  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L4       | BHCK3411    | HC-L4 should not be null and should not be negative.   | bhck3411 ne null and bhck3411 ge 0  |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Intraseries | 6313        | HC-L6       | BHCK3433    | If the sum of HC-BM1 (previous) and HC-L6 (previous) is less than or equal to the sum of HC-2a (previous) and HC-2b (previous), then the sum of HC-BM1 (current) and HC-L6 (current) should be less than or equal to the sum of HC-2a (current) and HC-2b (current). | if (bhck0416-q2 + bhck3433-q2) le (bhck1754-q2 + bhck1773-q2) then (bhck0416-q1 + bhck3433-q1) le (bhck1754-q1 + bhck1773-q1)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L6       | BHCK3433    | HC-L6 should not be null and should not be negative.   | bhck3433 ne null and bhck3433 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7a1A    | BHCKC968    | HC-L7a1A should not be null and should not be negative.  | bhckc968 ne null and bhckc968 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7a1B    | BHCKC969    | HC-L7a1B should not be null and should not be negative.  | bhckc969 ne null and bhckc969 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7a2A    | BHCKC970    | HC-L7a2A should not be null and should not be negative.  | bhckc970 ne null and bhckc970 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7a2B    | BHCKC971    | HC-L7a2B should not be null and should not be negative.  | bhckc971 ne null and bhckc971 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7a3A    | BHCKC972    | HC-L7a3A should not be null and should not be negative.  | bhckc972 ne null and bhckc972 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7a3B    | BHCKC973    | HC-L7a3B should not be null and should not be negative.  | bhckc973 ne null and bhckc973 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Intraseries | 6316        | HC-L7a4A    | BHCKC974    | If the sum of HC-L7a1A through HC-L7a4A (previous) is greater than the sum of HC-L7a1B through HC-L7a4B (previous), then the sum of HC-L7a1A through HC-L7a4A (current) should be greater than the sum of HC-L7a1B through HC-L7a4B (current).                       | if ((bhckc968-q2 + bhckc970-q2 + bhckc972-q2 + bhckc974-q2) gt (bhckc969-q2 + bhckc971-q2 + bhckc973-q2 + bhckc975-q2)) then ((bhckc968-q1 + bhckc970-q1 + bhckc972-q1 + bhckc974-q1) gt (bhckc969-q1 + bhckc971-q1 + bhckc973-q1 + bhckc975-q1)) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7a4A    | BHCKC974    | HC-L7a4A should not be null and should not be negative.  | bhckc974 ne null and bhckc974 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Intraseries | 6317        | HC-L7a4B    | BHCKC975    | If the sum of HC-L7a1B through HC-L7a4B (previous) is greater than the sum of HC-L7a1A through HC-L7a4A (previous), then the sum of HC-L7a1B through HC-L7a4B (current) should be greater than the sum of HC-L7a1A through HC-L7a4A (current).                       | if ((bhckc969-q2 + bhckc971-q2 + bhckc973-q2 + bhckc975-q2) gt (bhckc968-q2 + bhckc970-q2 + bhckc972-q2 + bhckc974-q2)) then ((bhckc969-q1 + bhckc971-q1 + bhckc973-q1 + bhckc975-q1) gt (bhckc968-q1 + bhckc970-q1 + bhckc972-q1 + bhckc974-q1)) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7a4B    | BHCKC975    | HC-L7a4B should not be null and should not be negative.  | bhckc975 ne null and bhckc975 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7b1A    | BHCKC219    | HC-L7b1A should not be null and should not be negative.  | bhckc219 ne null and bhckc219 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7b1B    | BHCKC221    | HC-L7b1B should not be null and should not be negative.  | bhckc221 ne null and bhckc221 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 6315        | HC-L7b2A    | BHCKC220    | If the sum of HC-L7a1A through HC-L7a4A is greater than zero, then the sum of HC-L7b1A and HC-L7b2A divided by the sum of HC-L7a1A through HC-L7a4A should be greater than zero and less than 10%.   | if ((bhckc968 + bhckc970 + bhckc972 + bhckc974) gt 0) then ((bhckc219 + bhckc220) / (bhckc968 + bhckc970 + bhckc972 + bhckc974)) gt 0 and ((bhckc219 + bhckc220) / (bhckc968 + bhckc970 + bhckc972 + bhckc974) * 100) lt 10                       |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7b2A    | BHCKC220    | HC-L7b2A should not be null and should not be negative.  | bhckc220 ne null and bhckc220 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 6318        | HC-L7b2B    | BHCKC222    | If the sum of HC-L7a1B through HC-L7a4B is greater than zero, then the sum of HC-L7b1B and HC-L7b2B divided by the sum of HC-L7a1B through HC-L7a4B should be greater than zero and less than 10%.   | if ((bhckc969 + bhckc971 + bhckc973 + bhckc975) gt 0) then ((bhckc221 + bhckc222) / (bhckc969 + bhckc971 + bhckc973 + bhckc975)) gt 0 and ((bhckc221 + bhckc222) / (bhckc969 + bhckc971 + bhckc973 + bhckc975) * 100) lt 10                       |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7b2B    | BHCKC222    | HC-L7b2B should not be null and should not be negative.  | bhckc222 ne null and bhckc222 ge 0  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20120331             | 99991231           | Revised     | HC-L     | Quality     | 9480        | HC-L7c1a    | BHCKG401    | For BHCs only, HC-L7c1a should not be null and should not be negative.  | for BHCs only bhckg401 ne null and bhckg401 ge 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-L     | Quality     | 9480        | HC-L7c1b    | BHCKG402    | For BHCs only, HC-L7c1b should not be null and should not be negative.  | for BHCs only bhckg402 ne null and bhckg402 ge 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-L     | Quality     | 9480        | HC-L7c2a    | BHCKG403    | For BHCs only, HC-L7c2a should not be null and should not be negative.  | for BHCs only bhckg403 ne null and bhckg403 ge 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-L     | Quality     | 9480        | HC-L7c2b    | BHCKG404    | For BHCs only, HC-L7c2b should not be null and should not be negative.  | for BHCs only bhckg404 ne null and bhckg404 ge 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-L     | Quality     | 9480        | HC-L7c2c    | BHCKG405    | For BHCs only, HC-L7c2c should not be null and should not be negative.  | for BHCs only bhckg405 ne null and bhckg405 ge 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Quality     | 9480        | HC-L7d1aA   | BHCKG406    | HC-L7d1aA should not be null and should not be negative.  | bhckg406 ne null and bhckg406 ge 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Quality     | 9480        | HC-L7d1aB   | BHCKG407    | HC-L7d1aB should not be null and should not be negative.  | bhckg407 ne null and bhckg407 ge 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Quality     | 9480        | HC-L7d1aC   | BHCKG408    | HC-L7d1aC should not be null and should not be negative.  | bhckg408 ne null and bhckg408 ge 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Quality     | 9480        | HC-L7d1bA   | BHCKG409    | HC-L7d1bA should not be null and should not be negative.  | bhckg409 ne null and bhckg409 ge 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Quality     | 9480        | HC-L7d1bB   | BHCKG410    | HC-L7d1bB should not be null and should not be negative.  | bhckg410 ne null and bhckg410 ge 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Quality     | 0296        | HC-L7d1bC   | BHCKG411    | Sum of HC-L7d1aA through HC-L7d1bC should be less than or equal to sum of HC-L7a1A through HC-L7a4A.  | (bhckg406 + bhckg407 + bhckg408 + bhckg409 + bhckg410 + bhckg411) le (bhckc968 + bhckc970 + bhckc972 + bhckc974)  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Quality     | 9480        | HC-L7d1bC   | BHCKG411    | HC-L7d1bC should not be null and should not be negative.  | bhckg411 ne null and bhckg411 ge 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Quality     | 9480        | HC-L7d2aA   | BHCKG412    | HC-L7d2aA should not be null and should not be negative.  | bhckg412 ne null and bhckg412 ge 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Quality     | 9480        | HC-L7d2aB   | BHCKG413    | HC-L7d2aB should not be null and should not be negative.  | bhckg413 ne null and bhckg413 ge 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Quality     | 9480        | HC-L7d2aC   | BHCKG414    | HC-L7d2aC should not be null and should not be negative.  | bhckg414 ne null and bhckg414 ge 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Quality     | 9480        | HC-L7d2bA   | BHCKG415    | HC-L7d2bA should not be null and should not be negative.  | bhckg415 ne null and bhckg415 ge 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Quality     | 9480        | HC-L7d2bB   | BHCKG416    | HC-L7d2bB should not be null and should not be negative.  | bhckg416 ne null and bhckg416 ge 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Quality     | 0297        | HC-L7d2bC   | BHCKG417    | Sum of HC-L7d2aA through HC-L7d2bC should be less than or equal to sum of HC-L7a1B through HC-L7a4B.  | (bhckg412 + bhckg413 + bhckg414 + bhckg415 + bhckg416 + bhckg417) le (bhckc969 + bhckc971 + bhckc973 + bhckc975)  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-L     | Quality     | 9480        | HC-L7d2bC   | BHCKG417    | HC-L7d2bC should not be null and should not be negative.  | bhckg417 ne null and bhckg417 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Intraseries | 6319        | HC-L8       | BHCK8765    | If HC-L8 (previous) is greater than zero, then HC-L8 (current) should be greater than zero.   | if bhck8765-q2 gt 0 then bhck8765-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L8       | BHCK8765    | HC-L8 should not be null and should not be negative.  | bhck8765 ne null and bhck8765 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 6320        | HC-L9       | BHCK3430    | HC-L9 divided by HC-12 should not exceed tolerance of 10%   | (bhck3430/bhck2170) *100 le 10  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L9       | BHCK3430    | HC-L9 should not be null and should not be negative.  | bhck3430 ne null and bhck3430 ge 0  |
| FRY9C  | 20090331             | 99991231           | Revised     | HC-L     | Intraseries | 6326        | HC-L9a      | BHCK3432    | If the sum of HC-L9a (previous) through HC-L9g (previous) is greater than zero, and 25 percent of HC-27a (current) exceeds \$5M, then the sum of HC-L9a (current) through HC-L9g (current) should be greater than zero. | if (bhck3432-q2 + bhck3434-q2 + bhck3435-q2 + bhck6561-q2 + bhck6562-q2 + bhck6568-q2 + bhck6586-q2) gt 0 and (bhck3210-q1 * .25) gt 5000 then (bhck3432-q1 + bhck3434-q1 + bhck3435-q1 + bhck6561-q1 + bhck6562-q1 + bhck6568-q1 + bhck6586-q1) gt 0 |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L9a      | BHCK3432    | HC-L9a should not be null and should not be negative.                                 | bhck3432 ne null and bhck3432 ge 0                          |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L9b      | BHCK3434    | HC-L9b should not be null and should not be negative.                                 | bhck3434 ne null and bhck3434 ge 0                          |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L9c      | BHCK3435    | HC-L9c should not be null and should not be negative.                                 | bhck3435 ne null and bhck3435 ge 0                          |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 6330        | HC-L9d      | BHCK6561    | If financial data is not equal to null or zero, then text data should not be null.    | if bhck6561 ne null and bhck6561 ne 0 then text6561 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L9d      | BHCK6561    | HC-L9d should not be null and should not be negative.                                 | bhck6561 ne null and bhck6561 ge 0                          |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Quality   | 6331        | HC-L9dTX    | TEXT6561    | If text data is not equal to null, then financial data should not equal null or zero. | if text6561 ne null then bhck6561 ne null and bhck6561 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 6332        | HC-L9e      | BHCK6562    | If financial data is not equal to null or zero, then text data should not be null.    | if bhck6562 ne null and bhck6562 ne 0 then text6562 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L9e      | BHCK6562    | HC-L9e should not be null and should not be negative.                                 | bhck6562 ne null and bhck6562 ge 0                          |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Quality   | 6333        | HC-L9eTX    | TEXT6562    | If text data is not equal to null, then financial data should not equal null or zero. | if text6562 ne null then bhck6562 ne null and bhck6562 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 6334        | HC-L9f      | BHCK6568    | If financial data is not equal to null or zero, then text data should not be null.    | if bhck6568 ne null and bhck6568 ne 0 then text6568 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L9f      | BHCK6568    | HC-L9f should not be null and should not be negative.                                 | bhck6568 ne null and bhck6568 ge 0                          |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Quality   | 6335        | HC-L9fTX    | TEXT6568    | If text data is not equal to null, then financial data should not equal null or zero. | if text6568 ne null then bhck6568 ne null and bhck6568 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 6336        | HC-L9g      | BHCK6586    | If financial data is not equal to null or zero, then text data should not be null.    | if bhck6586 ne null and bhck6586 ne 0 then text6586 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L9g      | BHCK6586    | HC-L9g should not be null and should not be negative.                                 | bhck6586 ne null and bhck6586 ge 0                          |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Quality   | 6337        | HC-L9gTX    | TEXT6586    | If text data is not equal to null, then financial data should not equal null or zero. | if text6586 ne null then bhck6586 ne null and bhck6586 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11aA    | BHCK8693    | HC-L11aA should not be null and should not be negative.                               | bhck8693 ne null and bhck8693 ge 0                          |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11aB    | BHCK8694    | HC-L11aB should not be null and should not be negative.                               | bhck8694 ne null and bhck8694 ge 0                          |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11aC    | BHCK8695    | HC-L11aC should not be null and should not be negative.                               | bhck8695 ne null and bhck8695 ge 0                          |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11aD    | BHCK8696    | HC-L11aD should not be null and should not be negative.                               | bhck8696 ne null and bhck8696 ge 0                          |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11bA    | BHCK8697    | HC-L11bA should not be null and should not be negative.                               | bhck8697 ne null and bhck8697 ge 0                          |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11bB    | BHCK8698    | HC-L11bB should not be null and should not be negative.                               | bhck8698 ne null and bhck8698 ge 0                          |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11bC    | BHCK8699    | HC-L11bC should not be null and should not be negative.                               | bhck8699 ne null and bhck8699 ge 0                          |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11bD    | BHCK8700    | HC-L11bD should not be null and should not be negative.                               | bhck8700 ne null and bhck8700 ge 0                          |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11c1A   | BHCK8701    | HC-L11c1A should not be null and should not be negative.                              | bhck8701 ne null and bhck8701 ge 0                          |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11c1B   | BHCK8702    | HC-L11c1B should not be null and should not be negative.                              | bhck8702 ne null and bhck8702 ge 0                          |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11c1C   | BHCK8703    | HC-L11c1C should not be null and should not be negative.                              | bhck8703 ne null and bhck8703 ge 0                          |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11c1D   | BHCK8704    | HC-L11c1D should not be null and should not be negative.                              | bhck8704 ne null and bhck8704 ge 0                          |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11c2A   | BHCK8705    | HC-L11c2A should not be null and should not be negative.  | bhck8705 ne null and bhck8705 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11c2B   | BHCK8706    | HC-L11c2B should not be null and should not be negative.  | bhck8706 ne null and bhck8706 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11c2C   | BHCK8707    | HC-L11c2C should not be null and should not be negative.  | bhck8707 ne null and bhck8707 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11c2D   | BHCK8708    | HC-L11c2D should not be null and should not be negative.  | bhck8708 ne null and bhck8708 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11d1A   | BHCK8709    | HC-L11d1A should not be null and should not be negative.  | bhck8709 ne null and bhck8709 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11d1B   | BHCK8710    | HC-L11d1B should not be null and should not be negative.  | bhck8710 ne null and bhck8710 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11d1C   | BHCK8711    | HC-L11d1C should not be null and should not be negative.  | bhck8711 ne null and bhck8711 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11d1D   | BHCK8712    | HC-L11d1D should not be null and should not be negative.  | bhck8712 ne null and bhck8712 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11d2A   | BHCK8713    | HC-L11d2A should not be null and should not be negative.  | bhck8713 ne null and bhck8713 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11d2B   | BHCK8714    | HC-L11d2B should not be null and should not be negative.  | bhck8714 ne null and bhck8714 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11d2C   | BHCK8715    | HC-L11d2C should not be null and should not be negative.  | bhck8715 ne null and bhck8715 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11d2D   | BHCK8716    | HC-L11d2D should not be null and should not be negative.  | bhck8716 ne null and bhck8716 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11eA    | BHCK3450    | HC-L11eA should not be null and should not be negative.   | bhck3450 ne null and bhck3450 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11eB    | BHCK3826    | HC-L11eB should not be null and should not be negative.   | bhck3826 ne null and bhck3826 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11eC    | BHCK8719    | HC-L11eC should not be null and should not be negative.   | bhck8719 ne null and bhck8719 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L11eD    | BHCK8720    | HC-L11eD should not be null and should not be negative.   | bhck8720 ne null and bhck8720 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L12A     | BHCKA126    | HC-L12A should not be null and should not be negative.  | bhcka126 ne null and bhcka126 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L12B     | BHCKA127    | HC-L12B should not be null and should not be negative.  | bhcka127 ne null and bhcka127 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L12C     | BHCK8723    | HC-L12C should not be null and should not be negative.  | bhck8723 ne null and bhck8723 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 6360        | HC-L12D     | BHCK8724    | If the sum of HC-D11A and HC-D14A is greater than zero, then the sum of HC-L12 (Columns A through D) should be greater than zero. | if ((bhcm3543 + bhck3547) gt 0) then ((bhcka126 + bhcka127 + bhck8723 + bhck8724) gt 0) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L12D     | BHCK8724    | HC-L12D should not be null and should not be negative.  | bhck8724 ne null and bhck8724 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L13A     | BHCK8725    | HC-L13A should not be null and should not be negative.  | bhck8725 ne null and bhck8725 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L13B     | BHCK8726    | HC-L13B should not be null and should not be negative.  | bhck8726 ne null and bhck8726 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L13C     | BHCK8727    | HC-L13C should not be null and should not be negative.  | bhck8727 ne null and bhck8727 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L13D     | BHCK8728    | HC-L13D should not be null and should not be negative.  | bhck8728 ne null and bhck8728 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L14a1A   | BHCK8733    | HC-L14a1A should not be null and should not be negative.  | bhck8733 ne null and bhck8733 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L14a1B   | BHCK8734    | HC-L14a1B should not be null and should not be negative.  | bhck8734 ne null and bhck8734 ge 0  |

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| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L14a1C   | BHCK8735    | HC-L14a1C should not be null and should not be negative.  | bhck8735 ne null and bhck8735 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L14a1D   | BHCK8736    | HC-L14a1D should not be null and should not be negative.  | bhck8736 ne null and bhck8736 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 6380        | HC-L14a2A   | BHCK8737    | If HC-L12A is greater than 500K, then the sum of HC-L14a1A and HC-L14a2A should be greater than zero and less than or equal to 10 percent of HC-L12A. | if bhcka126 gt 500 then (bhck8733 + bhck8737) gt 0 and (bhck8733 + bhck8737) le (bhcka126 * .1)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 6383        | HC-L14a2A   | BHCK8737    | If HC-L12A is less than or equal to 500K, then the sum of HC-L14a1A and HC-L14a2A should be less than or equal to 10 percent of HC-L12A.              | if bhcka126 le 500 then (bhck8733 + bhck8737) le (bhcka126 * .1)                                  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L14a2A   | BHCK8737    | HC-L14a2A should not be null and should not be negative.  | bhck8737 ne null and bhck8737 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 6395        | HC-L14a2B   | BHCK8738    | If HC-L12B is greater than 500K, then the sum of HC-L14a1B and HC-L14a2B should be greater than zero and less than or equal to 10 percent of HC-L12B. | if bhcka127 gt 500 then (bhck8734 + bhck8738) gt 0 and (bhck8734 + bhck8738) le (bhcka127 * .1)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 6400        | HC-L14a2B   | BHCK8738    | If HC-L12B is less than or equal to 500K, then the sum of HC-L14a1B and HC-L14a2B should be less than or equal to 10 percent of HC-L12B.              | if bhcka127 le 500 then (bhck8734 + bhck8738) le (bhcka127 * .1)                                  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L14a2B   | BHCK8738    | HC-L14a2B should not be null and should not be negative.  | bhck8738 ne null and bhck8738 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 6410        | HC-L14a2C   | BHCK8739    | If HC-L12C is greater than 500K, then the sum of HC-L14a1C and HC-L14a2C should be greater than zero and less than or equal to 15 percent of HC-L12C. | if bhck8723 gt 500 then (bhck8735 + bhck8739) gt 0 and (bhck8735 + bhck8739) le (bhck8723 * .15)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 6415        | HC-L14a2C   | BHCK8739    | If HC-L12C is less than or equal to 500K, then the sum of HC-L14a1C and HC-L14a2C should be less than or equal to 15 percent of HC-L12C.              | if bhck8723 le 500 then (bhck8735 + bhck8739) le (bhck8723 * .15)                                 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L14a2C   | BHCK8739    | HC-L14a2C should not be null and should not be negative.  | bhck8739 ne null and bhck8739 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 6425        | HC-L14a2D   | BHCK8740    | If HC-L12D is greater than 500K, then the sum of HC-L14a1D and HC-L14a2D should be greater than zero and less than or equal to 20 percent of HC-L12D. | if bhck8724 gt 500 then (bhck8736 + bhck8740) gt 0 and (bhck8736 + bhck8740) le (bhck8724 * .2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 6428        | HC-L14a2D   | BHCK8740    | If HC-L12D is less than or equal to 500K, then the sum of HC-L14a1D and HC-L14a2D should be less than or equal to 20 percent of HC-L12D.              | if bhck8724 le 500 then (bhck8736 + bhck8740) le (bhck8724 * .2)                                  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L14a2D   | BHCK8740    | HC-L14a2D should not be null and should not be negative.  | bhck8740 ne null and bhck8740 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L14b1A   | BHCK8741    | HC-L14b1A should not be null and should not be negative.  | bhck8741 ne null and bhck8741 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L14b1B   | BHCK8742    | HC-L14b1B should not be null and should not be negative.  | bhck8742 ne null and bhck8742 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L14b1C   | BHCK8743    | HC-L14b1C should not be null and should not be negative.  | bhck8743 ne null and bhck8743 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L14b1D   | BHCK8744    | HC-L14b1D should not be null and should not be negative.  | bhck8744 ne null and bhck8744 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 6385        | HC-L14b2A   | BHCK8745    | If HC-L13A is greater than 15M, then the sum of HC-L14b1A and HC-L14b2A should be greater than zero and less than or equal to 10 percent of HC-L13A.  | if bhck8725 gt 15000 then (bhck8741 + bhck8745) gt 0 and (bhck8741 + bhck8745) le (bhck8725 * .1) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 6390        | HC-L14b2A   | BHCK8745    | If HC-L13A is less than or equal to 15M, then the sum of HC-L14b1A and HC-L14b2A should be less than or equal to 10 percent of HC-L13A.               | if bhck8725 le 15000 then (bhck8741 + bhck8745) le (bhck8725 * .1)                                |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 9480        | HC-L14b2A   | BHCK8745    | HC-L14b2A should not be null and should not be negative.  | bhck8745 ne null and bhck8745 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality   | 6405        | HC-L14b2B   | BHCK8746    | If HC-L13B is greater than 500K, then the sum of HC-L14b1B and HC-L14b2B should be greater than zero and less than or equal to 10 percent of HC-L13B. | if bhck8726 gt 500 then (bhck8742 + bhck8746) gt 0 and (bhck8742 + bhck8746) le (bhck8726 * .1)   |

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| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 6408        | HC-L14b2B   | BHCK8746    | If HC-L13B is less than or equal to 500K, then the sum of HC-L14b1B and HC-L14b2B should be less than or equal to 10 percent of HC-L13B.              | if bhck8726 le 500 then (bhck8742 + bhck8746) le (bhck8726 * .1)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L14b2B   | BHCK8746    | HC-L14b2B should not be null and should not be negative.  | bhck8746 ne null and bhck8746 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 6420        | HC-L14b2C   | BHCK8747    | If HC-L13C is greater than 500K, then the sum of HC-L14b1C and HC-L14b2C should be greater than zero and less than or equal to 15 percent of HC-L13C. | if bhck8727 gt 500 then (bhck8743 + bhck8747) gt 0 and (bhck8743 + bhck8747) le (bhck8727 * .15)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 6423        | HC-L14b2C   | BHCK8747    | If HC-L13C is less than or equal to 500K, then the sum of HC-L14b1C and HC-L14b2C should be less than or equal to 15 percent of HC-L13C.              | if bhck8727 le 500 then (bhck8743 + bhck8747) le (bhck8727 * .15)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L14b2C   | BHCK8747    | HC-L14b2C should not be null and should not be negative.  | bhck8747 ne null and bhck8747 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 6430        | HC-L14b2D   | BHCK8748    | If HC-L13D is greater than 500K, then the sum of HC-L14b1D and HC-L14b2D should be greater than zero and less than or equal to 20 percent of HC-L13D. | if bhck8728 gt 500 then (bhck8744 + bhck8748) gt 0 and (bhck8744 + bhck8748) le (bhck8728 * .2)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 6435        | HC-L14b2D   | BHCK8748    | If HC-L13D is less than or equal to 500K, then the sum of HC-L14b1D and HC-L14b2D should be less than or equal to 20 percent of HC-L13D.              | if bhck8728 le 500 then (bhck8744 + bhck8748) le (bhck8728 * .2)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L14b2D   | BHCK8748    | HC-L14b2D should not be null and should not be negative.  | bhck8748 ne null and bhck8748 ge 0  |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0298        | HC-L15aA    | BHCKG418    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15aA should not be null.  | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg418 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0299        | HC-L15aB    | BHCKG419    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15aB should not be null.  | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg419 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0300        | HC-L15aC    | BHCKG420    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15aC should not be null.  | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg420 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0301        | HC-L15aD    | BHCKG421    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15aD should not be null.  | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg421 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0302        | HC-L15aE    | BHCKG422    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15aE should not be null.  | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg422 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0303        | HC-L15b1A   | BHCKG423    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b1A should not be null.   | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg423 ne null |

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| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseried | 0304        | HC-L15b1B   | BHCKG424    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b1B should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg424 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseried | 0305        | HC-L15b1C   | BHCKG425    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b1C should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg425 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseried | 0306        | HC-L15b1D   | BHCKG426    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b1D should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg426 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseried | 0307        | HC-L15b1E   | BHCKG427    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b1E should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg427ne null  |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseried | 0308        | HC-L15b2A   | BHCKG428    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b2A should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg428 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseried | 0309        | HC-L15b2B   | BHCKG429    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b2B should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg429 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseried | 0310        | HC-L15b2C   | BHCKG430    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b2C should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg430 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseried | 0311        | HC-L15b2D   | BHCKG431    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b2D should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg431 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseried | 0312        | HC-L15b2E   | BHCKG432    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b2E should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg432 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseried | 0313        | HC-L15b3A   | BHCKG433    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b3A should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg433 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseried | 0314        | HC-L15b3B   | BHCKG434    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b3B should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg434 ne null |

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| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0315        | HC-L15b3C   | BHCKG435    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b3C should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg435 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0316        | HC-L15b3D   | BHCKG436    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b3D should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg436 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0317        | HC-L15b3E   | BHCKG437    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b3E should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg437 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0318        | HC-L15b4A   | BHCKG438    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b4A should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg438 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0319        | HC-L15b4B   | BHCKG439    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b4B should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg439 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0320        | HC-L15b4C   | BHCKG440    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b4C should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg440 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0321        | HC-L15b4D   | BHCKG441    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b4D should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg441 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0322        | HC-L15b4E   | BHCKG442    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b4E should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg442 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0323        | HC-L15b5A   | BHCKG443    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b5A should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg443 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0324        | HC-L15b5B   | BHCKG444    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b5B should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg444 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0325        | HC-L15b5C   | BHCKG445    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b5C should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg445 ne null |

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| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0326        | HC-L15b5D   | BHCKG446    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b5D should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg446 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0327        | HC-L15b5E   | BHCKG447    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b5E should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg447 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0328        | HC-L15b6A   | BHCKG448    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b6A should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg448 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0329        | HC-L15b6B   | BHCKG449    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b6B should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg449 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0330        | HC-L15b6C   | BHCKG450    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b6C should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg450 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0331        | HC-L15b6D   | BHCKG451    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b6D should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg451 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0332        | HC-L15b6E   | BHCKG452    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b6E should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg452 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0333        | HC-L15b7A   | BHCKG453    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b7A should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg453 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0334        | HC-L15b7B   | BHCKG454    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b7B should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg454 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0335        | HC-L15b7C   | BHCKG455    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b7C should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg455 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0336        | HC-L15b7D   | BHCKG456    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b7D should not be null. | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg456 ne null |

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| FRY9C  | 20110630             | 99991231           | Revised     | HC-L     | Intraseries | 0337        | HC-L15b7E   | BHCKG457    | If HC-12 (previous June) is greater than or equal to \$10 billion, then HC-L15b7E should not be null.  | if ((mm-q1 eq 03 and bhck2170-q4 ge 10000000) or (mm-q1 eq 06 and bhck2170-q5 ge 10000000) or (mm-q1 eq 09 and bhck2170-q6 ge 10000000) or (mm-q1 eq 12 and bhck2170-q7 ge 10000000)) then bhckg457 ne null |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Intraseries | 6450        | HC-M1       | BHCK3459    | If (HC-M1 (current and previous) does not equal zero) then HC-M1 (current minus previous) divided by HC-M1 (previous) should be in the range of greater than -20% and less than 56%. | if (bhck3459-q1 ne 0 and bhck3459-q2 ne 0) then (((bhck3459-q1 - bhck3459-q2) / bhck3459-q2) * 100) gt -20 and (((bhck3459-q1 - bhck3459-q2) / bhck3459-q2) * 100) lt 56                                    |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 6455        | HC-M1       | BHCK3459    | (HC-24 multiplied by 1000) divided by HC-M1 should be less than or equal to 100.   | if bhck3459 ne 0 then (bhck3230 * 1000) / bhck3459 le 100   |
| FRY9C  | 20120630             | 99991231           | Revised     | HC-M     | Quality     | 6465        | HC-M1       | BHCK3459    | If HC-24 does not equal zero or null, then HC-M1 should be greater than zero.  | if (bhck3230 ne 0 and bhck3230 ne null) then bhck3459 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9480        | HC-M1       | BHCK3459    | HC-M1 should not be null and should not be negative.   | bhck3459 ne null and bhck3459 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9480        | HC-M2       | BHCK6555    | HC-M2 should not be null and should not be negative.   | bhck6555 ne null and bhck6555 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9480        | HC-M3       | BHCK6556    | HC-M3 should not be null and should not be negative.   | bhck6556 ne null and bhck6556 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9480        | HC-M4       | BHCK6557    | HC-M4 should not be null and should not be negative.   | bhck6557 ne null and bhck6557 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 6480        | HC-M5       | BHCKA288    | If HC-M5 is greater than zero, then HC-M5 should not equal HC-3b or HC-14b.  | if bhcka288 gt 0 then ((bhcka288 ne bhckb989) and (bhcka288 ne bhckb995))   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9480        | HC-M5       | BHCKA288    | HC-M5 should not be null and should not be negative.   | bhcka288 ne null and bhcka288 ge 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-M     | Quality     | 9480        | HC-M6a1a1   | BHDMK169    | HC-M6a1a1 should not be null and should not be negative.   | bhdmk169 ne null and bhdmk169 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a1a2   | BHDMK170    | HC-M6a1a2 should not be null and should not be negative.   | bhdmk170 ne null and bhdmk170 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a1b    | BHDMK171    | HC-M6a1b should not be null and should not be negative.  | bhdmk171 ne null and bhdmk171 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a1c1   | BHDMK172    | HC-M6a1c1 should not be null and should not be negative.   | bhdmk172 ne null and bhdmk172 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a1c2a  | BHDMK173    | HC-M6a1c2a should not be null and should not be negative.  | bhdmk173 ne null and bhdmk173 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a1c2b  | BHDMK174    | HC-M6a1c2b should not be null and should not be negative.  | bhdmk174 ne null and bhdmk174 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a1d    | BHDMK175    | HC-M6a1d should not be null and should not be negative.  | bhdmk175 ne null and bhdmk175 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a1e1   | BHDMK176    | HC-M6a1e1 should not be null and should not be negative.   | bhdmk176 ne null and bhdmk176 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a1e2   | BHDMK177    | HC-M6a1e2 should not be null and should not be negative.   | bhdmk177 ne null and bhdmk177 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a2     | BHCKK178    | HC-M6a2 should not be null and should not be negative.   | bhckk178 ne null and bhckk178 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a3     | BHCKK179    | HC-M6a3 should not be null and should not be negative.   | bhckk179 ne null and bhckk179 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a4a    | BHCKK180    | HC-M6a4a should not be null and should not be negative.  | bhckk180 ne null and bhckk180 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a4b    | BHCKK181    | HC-M6a4b should not be null and should not be negative.  | bhckk181 ne null and bhckk181 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a4c    | BHCKK182    | HC-M6a4c should not be null and should not be negative.  | bhckk182 ne null and bhckk182 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a5     | BHCKK183    | HC-M6a5 should not be null and should not be negative.   | bhckk183 ne null and bhckk183 ge 0  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|---|
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a5a    | BHCKK184    | HC-M6a5a should not be null and should not be negative.  | bhckk184 ne null and bhckk184 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a5b    | BHCKK185    | HC-M6a5b should not be null and should not be negative.  | bhckk185 ne null and bhckk185 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a5c    | BHCKK186    | HC-M6a5c should not be null and should not be negative.  | bhckk186 ne null and bhckk186 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6a5d    | BHCKK273    | HC-M6a5d should not be null and should not be negative.  | bhckk273 ne null and bhckk273 ge 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-M     | Quality     | 9480        | HC-M6b1     | BHDMK187    | HC-M6b1 should not be null and should not be negative.   | bhdmk187 ne null and bhdmk187 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6b2     | BHDMK188    | HC-M6b2 should not be null and should not be negative.   | bhdmk188 ne null and bhdmk188 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6b3     | BHDMK189    | HC-M6b3 should not be null and should not be negative.   | bhdmk189 ne null and bhdmk189 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6b4     | BHDMK190    | HC-M6b4 should not be null and should not be negative.   | bhdmk190 ne null and bhdmk190 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6b5     | BHDMK191    | HC-M6b5 should not be null and should not be negative.   | bhdmk191 ne null and bhdmk191 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6b6     | BHFNK260    | HC-M6b6 should not be null and should not be negative.   | bhfnk260 ne null and bhfnk260 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6b7     | BHCKK192    | HC-M6b7 should not be null and should not be negative.   | bhckk192 ne null and bhckk192 ge 0  |
| FRY9C  | 20100331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6c      | BHCKJ461    | HC-M6c should not be null and should not be negative.  | bhckj461 ne null and bhckj461 ge 0  |
| FRY9C  | 20100331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M6d      | BHCKJ462    | HC-M6d should not be null and should not be negative.  | bhckj462 ne null and bhckj462 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M7a      | BHCKK193    | HC-M7a should not be null and should not be negative.  | bhckk193 ne null and bhckk193 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-M     | Quality     | 9480        | HC-M7b      | BHCKK194    | HC-M7b should not be null and should not be negative.  | bhckk194 ne null and bhckk194 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Intraseries | 6501        | HC-M8       | BHCKC251    | For June, September, and December, if HC-M8 (previous) is equal to 1 (yes), then HC-M8 (current) should equal 1 (yes). | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckc251-q2 eq 1)) then bhckc251-q1 eq 1 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9480        | HC-M8       | BHCKC251    | HC-M8 should not be null and should not be negative.   | bhckc251 ne null and bhckc251 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9480        | HC-M9       | BHCK6689    | HC-M9 should not be null and should not be negative.   | bhck6689 ne null and bhck6689 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 6520        | HC-M12a     | BHCK3164    | HC-M12a should be less than or equal to HC-M12a1. (+25K)   | bhck3164 le (bhck6438 + 25)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9480        | HC-M12a     | BHCK3164    | HC-M12a should not be null and should not be negative.   | bhck3164 ne null and bhck3164 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 6530        | HC-M12a1    | BHCK6438    | If HC-M12a is greater than zero, then HC-M12a1 should be greater than zero.  | if bhck3164 gt 0 then bhck6438 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 6533        | HC-M12a1    | BHCK6438    | If HC-M12a1 is greater than zero, then HC-M12a should be greater than zero.  | if bhck6438 gt 0 then bhck3164 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9480        | HC-M12a1    | BHCK6438    | HC-M12a1 should not be null and should not be negative.  | bhck6438 ne null and bhck6438 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9480        | HC-M12b     | BHCKB026    | HC-M12b should not be null and should not be negative.   | bhckb026 ne null and bhckb026 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9490        | HC-M12c     | BHCK5507    | HC-M12c should not be null.  | bhck5507 ne null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9500        | HC-M12d     | BHCT0426    | HC-M12d should not be null and should not be negative.   | bhct0426 ne null and bhct0426 ge 0  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-M     | Quality     | 9500        | HC-M13      | BHCT2150    | HC-M13 should not be null and should not be negative.  | bhct2150 ne null and bhct2150 ge 0  |

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| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9500        | HC-M14a     | BHCK2309    | HC-M14a should not be null and should not be negative.   | bhck2309 ne null and bhck2309 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9500        | HC-M14b     | BHCK2332    | HC-M14b should not be null and should not be negative.   | bhck2332 ne null and bhck2332 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Intraseries | 6540        | HC-M14c     | BHCK2333    | If HC-M14c (previous) is greater than zero then HC-16 (current) should be greater than zero.   | if bhck2333-q2 gt 0 then bhck3190-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9500        | HC-M14c     | BHCK2333    | HC-M14c should not be null and should not be negative.   | bhck2333 ne null and bhck2333 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9500        | HC-M14d     | BHCT3190    | HC-M14d should not be null and should not be negative.   | bhct3190 ne null and bhct3190 ge 0  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-M     | Quality     | 6545        | HC-M15      | BHCKB569    | If previous June HC-12 is greater than or equal to \$1 billion and HC-M15 equals 1 (yes) and HI-5d1 through HI-5d3 is greater than \$100 thousand, then HI-Mem12a should be greater than zero. | if ((mm-q1 eq 03 and bhck2170-q4 ge 1000000) or (mm-q1 eq 06 and bhck2170-q5 ge 1000000) or (mm-q1 eq 09 and bhck2170-q6 ge 1000000) or (mm-q1 eq 12 and bhck2170-q7 ge 1000000) and (bhckb569 eq 1) and (bhckc886 + bhckc888 + bhckc887) gt 100) then bhck2170-q4 ge 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 6547        | HC-M15      | BHCKB569    | For March, if HI-Mem12a is greater than \$10 thousand, then HC-M15 should equal 1 (yes).   | if (mm-q1 eq 03 and bhck8431 gt 10) then bhckb569 eq 1  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Intraseries | 6549        | HC-M15      | BHCKB569    | For June, September and December, if HI-Mem12a (current - previous) is greater than \$10 thousand, then HC-M15 should equal 1 (yes).   | if ((mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck8431-q1 - bhck8431-q2) gt 10) then bhckb569 eq 1   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Intraseries | 6550        | HC-M15      | BHCKB569    | If HC-M15 (previous) equals 1 (yes) then HC-M15 (current) should equal 1 (yes).  | if (bhckb569-q2 eq 1) then (bhckb569-q1 eq 1)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9500        | HC-M15      | BHCKB569    | HC-M15 should not be null and should not be negative.  | bhckb569 ne null and bhckb569 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Intraseries | 6555        | HC-M16      | BHCKB570    | If HC-M16 (previous) is greater than zero, then HC-M16 (current) should be greater than zero.  | if (bhckb570-q2 gt 0) then (bhckb570-q1 gt 0)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9500        | HC-M16      | BHCKB570    | HC-M16 should not be null and should not be negative.  | bhckb570 ne null and bhckb570 ge 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-M     | Quality     | 9510        | HC-M17      | BHCKC161    | For BHCs only, HC-M17 should not be negative.  | for BHCs only bhckc161 ge 0 or bhckc161 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-M     | Quality     | 9510        | HC-M18      | BHCKC159    | For BHCs only, HC-M18 should not be negative.  | for BHCs only bhckc159 ge 0 or bhckc159 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M19a     | BHCKC700    | HC-M19a should not be negative.  | bhckc700 ge 0 or bhckc700 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M19b     | BHCKC701    | HC-M19b should not be negative.  | bhckc701 ge 0 or bhckc701 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M20a     | BHCKC252    | HC-M20a should not be negative.  | bhckc252 ge 0 or bhckc252 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M20b1    | BHCK4832    | HC-M20b1 should not be negative.   | bhck4832 ge 0 or bhck4832 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M20b2    | BHCK4833    | HC-M20b2 should not be negative.   | bhck4833 ge 0 or bhck4833 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M20b3    | BHCK4834    | HC-M20b3 should not be negative.   | bhck4834 ge 0 or bhck4834 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M20c1    | BHCK5041    | HC-M20c1 should not be negative.   | bhck5041 ge 0 or bhck5041 eq null   |
| FRY9C  | 20090331             | 99991231           | Revised     | HC-M     | Quality     | 9510        | HC-M20c2    | BHCK5043    | HC-M20c2 should not be negative.   | bhck5043 ge 0 or bhck5043 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M20c3    | BHCK5045    | HC-M20c3 should not be negative.   | bhck5045 ge 0 or bhck5045 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M20d     | BHCK5047    | HC-M20d should not be negative.  | bhck5047 ge 0 or bhck5047 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M21      | BHCKC253    | HC-M21 should not be negative.   | bhckc253 ge 0 or bhckc253 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 6562        | HC-M23a     | BHCKF064    | HC-M23a should be less than or equal to HC-14a.  | bhckf064 le bhdm993   |

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| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9520        | HC-M23a     | BHCKF064    | HC-M23a should not be null and should not be negative.  | bhckf064 ne null and bhckf064 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 6564        | HC-M23b     | BHCKF065    | HC-M23b should be less than or equal to HC-M14d.  | bhckf065 le bhct3190  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-M     | Quality     | 9520        | HC-M23b     | BHCKF065    | HC-M23b should not be null and should not be negative.  | bhckf065 ne null and bhckf065 ge 0  |
| FRY9C  | 20090331             | 99991231           | Added       | HC-M     | Quality     | 9520        | HC-M24a     | BHCKG234    | HC-M24a should not be null and should not be negative.  | bhckg234 ne null and bhckg234 ge 0  |
| FRY9C  | 20090331             | 99991231           | Added       | HC-M     | Quality     | 9520        | HC-M24b     | BHCKG235    | HC-M24b should not be null and should not be negative.  | bhckg235 ne null and bhckg235 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1a1A    | BHCKF172    | HC-N1a1A should not be null and should not be negative.   | bhckf172 ne null and bhckf172 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6570        | HC-N1a1B    | BHCKF174    | If HC-N1a1A (previous) is greater than zero and HC-N1a1B (previous) is greater than zero and the sum of HC-N1a1A (previous) and HC-N1a1B (previous) is greater than \$1 million and HC-C1a1B (current) is greater than zero, then the sum of HC-N1a1A (current) and HC-N1a1B (current) should be greater than zero. | if (bhckf172-q2 gt 0) and (bhckf174-q2 gt 0) and ((bhckf172-q2 + bhckf174-q2) gt 1000) and (bhckf158-q1 gt 0) then ((bhckf172-q1 + bhckf174-q1) gt 0) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1a1B    | BHCKF174    | HC-N1a1B should not be null and should not be negative.   | bhckf174 ne null and bhckf174 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6736        | HC-N1a1C    | BHCKF176    | If HC-N1a1C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (bhckf176-q1 - bhckf176-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1a1C    | BHCKF176    | HC-N1a1C should not be null and should not be negative.   | bhckf176 ne null and bhckf176 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1a2A    | BHCKF173    | HC-N1a2A should not be null and should not be negative.   | bhckf173 ne null and bhckf173 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 0138        | HC-N1a2B    | BHCKF175    | If HC-N1a2A (previous) is greater than zero and HC-N1a2B (previous) is greater than zero and the sum of HC-N1a2A (previous) and HC-N1a2B (previous) is greater than \$1 million and HC-C1a2B (current) is greater than zero, then the sum of HC-N1a2A (current) and HC-N1a2B (current) should be greater than zero. | if (bhckf173-q2 gt 0) and (bhckf175-q2 gt 0) and ((bhckf173-q2 + bhckf175-q2) gt 1000) and (bhckf159-q1 gt 0) then ((bhckf173-q1 + bhckf175-q1) gt 0) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1a2B    | BHCKF175    | HC-N1a2B should not be null and should not be negative.   | bhckf175 ne null and bhckf175 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 0139        | HC-N1a2C    | BHCKF177    | If HC-N1a2C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (bhckf177-q1 - bhckf177-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1a2C    | BHCKF177    | HC-N1a2C should not be null and should not be negative.   | bhckf177 ne null and bhckf177 ge 0  |
| FRY9C  | 20120930             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-N1bA     | BHCK3493    | HC-N1bA should not be null and should not be negative.  | bhck3493 ne null and bhck3493 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6575        | HC-N1bB     | BHCK3494    | If HC-N1bA (previous) is greater than zero and HC-N1bB (previous) is greater than zero and the sum of HC-N1bA (previous) and HC-N1bB (previous) is greater than \$1 million and HC-C1bB (current) is greater than zero, then the sum of HC-N1bA (current) and HC-N1bB (current) should be greater than zero.        | if (bhck3493-q2 gt 0) and (bhck3494-q2 gt 0) and ((bhck3493-q2 + bhck3494-q2) gt 1000) and (bhdm1420-q1 gt 0) then ((bhck3493-q1 + bhck3494-q1) gt 0) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1bB     | BHCK3494    | HC-N1bB should not be null and should not be negative.  | bhck3494 ne null and bhck3494 ge 0  |

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| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6737        | HC-N1bC     | BHCK3495    | If HC-N1bC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (bhck3495-q1 - bhck3495-q2) gt 0 then bhck410-q1 gt 0  |
| FRY9C  | 20120930             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-N1bC     | BHCK3495    | HC-N1bC should not be null and should not be negative.   | bhck3495 ne null and bhck3495 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1c1A    | BHCK5398    | HC-N1c1A should not be null and should not be negative.  | bhck5398 ne null and bhck5398 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6580        | HC-N1c1B    | BHCK5399    | If HC-N1c1A (previous) is greater than zero and HC-N1c1B (previous) is greater than zero and the sum of HC-N1c1A (previous) and HC-N1c1B (previous) is greater than \$1 million and HC-N1c1B (current) is greater than zero, then the sum of HC-N1c1A (current) and HC-N1c1B (current) should be greater than zero.        | if (bhck5398-q2 gt 0) and (bhck5399-q2 gt 0) and ((bhck5398-q2 + bhck5399-q2) gt 1000) and (bhdm1797-q1 gt 0) then ((bhck5398-q1 + bhck5399-q1) gt 0) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1c1B    | BHCK5399    | HC-N1c1B should not be null and should not be negative.  | bhck5399 ne null and bhck5399 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6738        | HC-N1c1C    | BHCK5400    | If HC-N1c1C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (bhck5400-q1 - bhck5400-q2) gt 0 then bhck410-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1c1C    | BHCK5400    | HC-N1c1C should not be null and should not be negative.  | bhck5400 ne null and bhck5400 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1c2aA   | BHCKC236    | HC-N1c2aA should not be null and should not be negative.   | bhckc236 ne null and bhckc236 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6585        | HC-N1c2aB   | BHCKC237    | If HC-N1c2aA (previous) is greater than zero and HC-N1c2aB (previous) is greater than zero and the sum of HC-N1c2aA (previous) and HC-N1c2aB (previous) is greater than \$1 million and HC-N1c2aB (current) is greater than zero, then the sum of HC-N1c2aA (current) and HC-N1c2aB (current) should be greater than zero. | if (bhckc236-q2 gt 0) and (bhckc237-q2 gt 0) and ((bhckc236-q2 + bhckc237-q2) gt 1000) and (bhdm5367-q1 gt 0) then ((bhckc236-q1 + bhckc237-q1) gt 0) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1c2aB   | BHCKC237    | HC-N1c2aB should not be null and should not be negative.   | bhckc237 ne null and bhckc237 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6739        | HC-N1c2aC   | BHCKC229    | If HC-N1c2aC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (bhckc229-q1 - bhckc229-q2) gt 0 then bhck410-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1c2aC   | BHCKC229    | HC-N1c2aC should not be null and should not be negative.   | bhckc229 ne null and bhckc229 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1c2bA   | BHCKC238    | HC-N1c2bA should not be null and should not be negative.   | bhckc238 ne null and bhckc238 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6590        | HC-N1c2bB   | BHCKC239    | If HC-N1c2bA (previous) is greater than zero and HC-N1c2bB (previous) is greater than zero and the sum of HC-N1c2bA (previous) and HC-N1c2bB (previous) is greater than \$1 million and HC-N1c2bB (current) is greater than zero, then the sum of HC-N1c2bA (current) and HC-N1c2bB (current) should be greater than zero. | if (bhckc238-q2 gt 0) and (bhckc239-q2 gt 0) and ((bhckc238-q2 + bhckc239-q2) gt 1000) and (bhdm5368-q1 gt 0) then ((bhckc238-q1 + bhckc239-q1) gt 0) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1c2bB   | BHCKC239    | HC-N1c2bB should not be null and should not be negative.   | bhckc239 ne null and bhckc239 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6741        | HC-N1c2bC   | BHCKC230    | If HC-N1c2bC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (bhckc230-q1 - bhckc230-q2) gt 0 then bhck410-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1c2bC   | BHCKC230    | HC-N1c2bC should not be null and should not be negative.   | bhckc230 ne null and bhckc230 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1dA     | BHCK3499    | HC-N1dA should not be null and should not be negative.   | bhck3499 ne null and bhck3499 ge 0  |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6595        | HC-N1dB     | BHCK3500    | If HC-N1dA (previous) is greater than zero and HC-N1dB (previous) is greater than zero and the sum of HC-N1dA (previous) and HC-N1dB (previous) is greater than \$1 million and HC-C1dB (current) is greater than zero, then the sum of HC-N1dA (current) and HC-N1dB (current) should be greater than zero.   | if (bhck3499-q2 gt 0) and (bhck3500-q2 gt 0) and ((bhck3499-q2 + bhck3500-q2) gt 1000) and (bhdm1460-q1 gt 0) then ((bhck3499-q1 + bhck3500-q1) gt 0)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1dB     | BHCK3500    | HC-N1dB should not be null and should not be negative.   | bhck3500 ne null and bhck3500 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6742        | HC-N1dC     | BHCK3501    | If HC-N1dC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (bhck3501-q1 - bhck3501-q2) gt 0 then bhck410-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1dC     | BHCK3501    | HC-N1dC should not be null and should not be negative.   | bhck3501 ne null and bhck3501 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1e1A    | BHCKF178    | HC-N1e1A should not be null and should not be negative.  | bhckf178 ne null and bhckf178 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6600        | HC-N1e1B    | BHCKF180    | If HC-N1e1A (previous) is greater than zero and HC-N1e1B (previous) is greater than zero and the sum of HC-N1e1A (previous) and HC-N1e1B (previous) is greater than \$1 million and HC-C1e1B (current) is greater than zero, then the sum of HC-N1e1A (current) and HC-N1e1B (current) should be greater than zero.                                      | if (bhckf178-q2 gt 0) and (bhckf180-q2 gt 0) and ((bhckf178-q2 + bhckf180-q2) gt 1000) and (bhckf160-q1 gt 0) then ((bhckf178-q1 + bhckf180-q1) gt 0)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1e1B    | BHCKF180    | HC-N1e1B should not be null and should not be negative.  | bhckf180 ne null and bhckf180 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6743        | HC-N1e1C    | BHCKF182    | If HC-N1e1C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (bhckf182-q1 - bhckf182-q2) gt 0 then bhck410-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1e1C    | BHCKF182    | HC-N1e1C should not be null and should not be negative.  | bhckf182 ne null and bhckf182 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1e2A    | BHCKF179    | HC-N1e2A should not be null and should not be negative.  | bhckf179 ne null and bhckf179 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 0141        | HC-N1e2B    | BHCKF181    | If HC-N1e2A (previous) is greater than zero and HC-N1e2B (previous) is greater than zero and the sum of HC-N1e2A (previous) and HC-N1e2B (previous) is greater than \$1 million and HC-C1e2B (current) is greater than zero, then the sum of HC-N1e2A (current) and HC-N1e2B (current) should be greater than zero.                                      | if (bhckf179-q2 gt 0) and (bhckf181-q2 gt 0) and ((bhckf179-q2 + bhckf181-q2) gt 1000) and (bhckf161-q1 gt 0) then ((bhckf179-q1 + bhckf181-q1) gt 0)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1e2B    | BHCKF181    | HC-N1e2B should not be null and should not be negative.  | bhckf181 ne null and bhckf181 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 0140        | HC-N1e2C    | BHCKF183    | If HC-N1e2C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (bhckf183-q1 - bhckf183-q2) gt 0 then bhck410-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1e2C    | BHCKF183    | HC-N1e2C should not be null and should not be negative.  | bhckf183 ne null and bhckf183 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1fA     | BHCKB572    | HC-N1fA should not be null and should not be negative.   | bhckb572 ne null and bhckb572 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6605        | HC-N1fB     | BHCKB573    | If HC-N1fA (previous) is greater than zero and HC-N1fB (previous) is greater than zero and the sum of HC-N1fA (previous) and HC-N1fB (previous) is greater than \$1 million and (HC-C1A minus the sum of HC-C1a1B through HC-C1e2B) (current) is greater than zero, then the sum of HC-N1fA (current) and HC-N1fB (current) should be greater than zero. | if (bhckb572-q2 gt 0) and (bhckb573-q2 gt 0) and ((bhckb572-q2 + bhckb573-q2) gt 1000) and ((bhck1410-q1 - (bhckf158-q1 + bhckf159-q1 + bhdm1420-q1 + bhdm1797-q1 + bhdm5367-q1 + bhdm5368-q1 + bhdm1460-q1 + bhckf160-q1 + bhckf161-q1)) gt 0) then ((bhckb572-q1 + bhckb573-q1) gt 0) |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1fB     | BHCKB573    | HC-N1fB should not be null and should not be negative.  | bhckb573 ne null and bhckb573 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6744        | HC-N1fC     | BHCKB574    | If HC-N1fC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (bhckb574-q1 - bhckb574-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N1fC     | BHCKB574    | HC-N1fC should not be null and should not be negative.  | bhckb574 ne null and bhckb574 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N2aA     | BHCK5377    | HC-N2aA should not be null and should not be negative.  | bhck5377 ne null and bhck5377 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6610        | HC-N2aB     | BHCK5378    | If HC-N2aA (previous) is greater than zero and HC-N2aB (previous) is greater than zero and the sum of HC-N2aA (previous) and HC-N2aB (previous) is greater than \$1 million and the sum of (HC-C2aA and HC-C2bA) (current) is greater than zero, then the sum of HC-N2aA (current) and HC-N2aB (current) should be greater than zero. | if (bhck5377-q2 gt 0) and (bhck5378-q2 gt 0) and ((bhck5377-q2 + bhck5378-q2) gt 1000) and ((bhck1292-q1 + bhck1296-q1) gt 0) then ((bhck5377-q1 + bhck5378-q1) gt 0) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N2aB     | BHCK5378    | HC-N2aB should not be null and should not be negative.  | bhck5378 ne null and bhck5378 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6745        | HC-N2aC     | BHCK5379    | If HC-N2aC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (bhck5379-q1 - bhck5379-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N2aC     | BHCK5379    | HC-N2aC should not be null and should not be negative.  | bhck5379 ne null and bhck5379 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N2bA     | BHCK5380    | HC-N2bA should not be null and should not be negative.  | bhck5380 ne null and bhck5380 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6615        | HC-N2bB     | BHCK5381    | If HC-N2bA (previous) is greater than zero and HC-N2bB (previous) is greater than zero and the sum of HC-N2bA (previous) and HC-N2bB (previous) is greater than \$1 million and the sum of (HC-C2aA and HC-C2bA) (current) is greater than zero, then the sum of HC-N2bA (current) and HC-N2bB (current) should be greater than zero. | if (bhck5380-q2 gt 0) and (bhck5381-q2 gt 0) and ((bhck5380-q2 + bhck5381-q2) gt 1000) and (bhck1292-q1 + bhck1296-q1 gt 0) then ((bhck5380-q1 + bhck5381-q1) gt 0)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N2bB     | BHCK5381    | HC-N2bB should not be null and should not be negative.  | bhck5381 ne null and bhck5381 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6746        | HC-N2bC     | BHCK5382    | If HC-N2bC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (bhck5382-q1 - bhck5382-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N2bC     | BHCK5382    | HC-N2bC should not be null and should not be negative.  | bhck5382 ne null and bhck5382 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N3A      | BHCK1594    | HC-N3A should not be null and should not be negative.   | bhck1594 ne null and bhck1594 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6620        | HC-N3B      | BHCK1597    | If HC-N3A (previous) is greater than zero and HC-N3B (previous) is greater than zero and the sum of HC-N3A (previous) and HC-N3B (previous) is greater than \$1 million and HC-C3A (current) is greater than zero, then the sum of HC-N3A (current) and HC-N3B (current) should be greater than zero.                                 | if (bhck1594-q2 gt 0) and (bhck1597-q2 gt 0) and ((bhck1594-q2 + bhck1597-q2) gt 1000) and (bhck1590-q1 gt 0) then ((bhck1594-q1 + bhck1597-q1) gt 0)                 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N3B      | BHCK1597    | HC-N3B should not be null and should not be negative.   | bhck1597 ne null and bhck1597 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6747        | HC-N3C      | BHCK1583    | If HC-N3C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (bhck1583-q1 - bhck1583-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N3C      | BHCK1583    | HC-N3C should not be null and should not be negative.   | bhck1583 ne null and bhck1583 ge 0  |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N4A      | BHCK1606    | HC-N4A should not be null and should not be negative.  | bhck1606 ne null and bhck1606 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6625        | HC-N4B      | BHCK1607    | If HC-N4A (previous) is greater than zero and HC-N4B (previous) is greater than zero and the sum of HC-N4A (previous) and HC-N4B (previous) is greater than \$1 million and HC-N4B (current) is greater than zero, then the sum of HC-N4A (current) and HC-N4B (current) should be greater than zero.        | if (bhck1606-q2 gt 0) and (bhck1607-q2 gt 0) and ((bhck1606-q2 + bhck1607-q2) gt 1000) and (bhdm1766-q1 gt 0) then ((bhck1606-q1 + bhck1607-q1) gt 0) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N4B      | BHCK1607    | HC-N4B should not be null and should not be negative.  | bhck1607 ne null and bhck1607 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6748        | HC-N4C      | BHCK1608    | If HC-N4C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (bhck1608-q1 - bhck1608-q2) gt 0 then bhck410-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N4C      | BHCK1608    | HC-N4C should not be null and should not be negative.  | bhck1608 ne null and bhck1608 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N5aA     | BHCKB575    | HC-N5aA should not be null and should not be negative.   | bhckb575 ne null and bhckb575 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6635        | HC-N5aB     | BHCKB576    | If HC-N5aA (previous) is greater than zero and HC-N5aB (previous) is greater than zero and the sum of HC-N5aA (previous) and HC-N5aB (previous) is greater than \$1 million and HC-N5aB (current) is greater than zero, then the sum of HC-N5aA (current) and HC-N5aB (current) should be greater than zero. | if (bhckb575-q2 gt 0) and (bhckb576-q2 gt 0) and ((bhckb575-q2 + bhckb576-q2) gt 1000) and (bhckb538-q1 gt 0) then ((bhckb575-q1 + bhckb576-q1) gt 0) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N5aB     | BHCKB576    | HC-N5aB should not be null and should not be negative.   | bhckb576 ne null and bhckb576 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6749        | HC-N5aC     | BHCKB577    | If HC-N5aC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (bhckb577-q1 - bhckb577-q2) gt 0 then bhck410-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N5aC     | BHCKB577    | HC-N5aC should not be null and should not be negative.   | bhckb577 ne null and bhckb577 ge 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-N5bA     | BHCKK213    | HC-N5bA should not be null and should not be negative.   | bhckk213 ne null and bhckk213 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0400        | HC-N5bB     | BHCKK214    | If HC-N5bA (previous) is greater than zero and HC-N5bB (previous) is greater than zero and the sum of HC-N5bA (previous) and HC-N5bB (previous) is greater than \$1 million and HC-N5bB (current) is greater than zero, then the sum of HC-N5bA (current) and HC-N5bB (current) should be greater than zero. | if (bhckk213-q2 gt 0) and (bhckk214-q2 gt 0) and ((bhckk213-q2 + bhckk214-q2) gt 1000) and (bhckk137-q1 gt 0) then ((bhckk213-q1 + bhckk214-q1) gt 0) |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-N5bB     | BHCKK214    | HC-N5bB should not be null and should not be negative.   | bhckk214 ne null and bhckk214 ge 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Intraseries | 6751        | HC-N5bC     | BHCKK215    | If HC-N5bC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (bhckk215-q1 - bhckk215-q2) gt 0 then bhck410-q1 gt 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-N5bC     | BHCKK215    | HC-N5bC should not be null and should not be negative.   | bhckk215 ne null and bhckk215 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N5cA     | BHCKK216    | HC-N5cA should not be null and should not be negative.   | bhckk216 ne null and bhckk216 ge 0  |

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| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Intraseries | 6640        | HC-N5cB     | BHCKK217    | If HC-N5cA (previous) is greater than zero and HC-N5cB (previous) is greater than zero and the sum of HC-N5cA (previous) and HC-N5cB (previous) is greater than \$1 million and the sum of HC-C6bA (current) and HC-C6dA (current) is greater than zero, then the sum of HC-N5cA (current) and HC-N5cB (current) should be greater than zero. | if (bhckk216-q2 gt 0) and (bhckk217-q2 gt 0) and ((bhckk216-q2 + bhckk217-q2) gt 1000) and ((bhckb539-q1 + bhckk207-q1) gt 0) then ((bhckk216-q1 + bhckk217-q1) gt 0)  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N5cB     | BHCKK217    | HC-N5cB should not be null and should not be negative.  | bhckk217 ne null and bhckk217 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0416        | HC-N5cC     | BHCKK218    | If HC-N5cC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (bhckk218-q1 - bhckk218-q2) gt 0 then bhckk410-q1 gt 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N5cC     | BHCKK218    | HC-N5cC should not be null and should not be negative.  | bhckk218 ne null and bhckk218 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N6A      | BHCK5389    | HC-N6A should not be null and should not be negative.   | bhck5389 ne null and bhck5389 ge 0   |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-N     | Intraseries | 6645        | HC-N6B      | BHCK5390    | If HC-N6A (previous) is greater than zero and HC-N6B (previous) is greater than zero and the sum of HC-N6A (previous) and HC-N6B (previous) is greater than \$1 million and HC-C7A (current) is greater than zero, then the sum of HC-N6A (current) and HC-N6B (current) should be greater than zero.   | if ((bhck5389-q2 gt 0) and (bhck5390-q2 gt 0) and ((bhck5389-q2 + bhck5390-q2) gt 1000) and (bhck2081-q1 gt 0)) then ((bhck5389-q1 + bhck5390-q1) gt 0)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N6B      | BHCK5390    | HC-N6B should not be null and should not be negative.   | bhck5390 ne null and bhck5390 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6752        | HC-N6C      | BHCK5391    | If HC-N6C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (bhck5391-q1 - bhck5391-q2) gt 0 then bhckk410-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N6C      | BHCK5391    | HC-N6C should not be null and should not be negative.   | bhck5391 ne null and bhck5391 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N7A      | BHCK5459    | HC-N7A should not be null and should not be negative.   | bhck5459 ne null and bhck5459 ge 0   |
| FRY9C  | 20120630             | 99991231           | Added       | HC-N     | Quality     | 1003        | HC-N7A      | BHCK5459    | HC-NM9bA should be less than or equal to the sum of HC-N1a1A through HC-N7A.  | bhckl186 le (bhckf172 + bhckf173 + bhck3493 + bhck5398 + bhckc236 + bhckc238 + bhck3499 + bhckf178 + bhckf179 + bhckb572 + bhck5377 + bhck5380 + bhck1594 + bhck1606 + bhckb575 + bhckk213 + bhckk216 + bhck5389 + bhck5459) |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-N     | Intraseries | 6650        | HC-N7B      | BHCK5460    | If HC-N7A (previous) is greater than zero and HC-N7B (previous) is greater than zero and the sum of HC-N7A (previous) and HC-N7B (previous) is greater than \$1 million and the sum of HC-C9aA (current) through HC-C9b2A (current) is greater than zero, then the sum of HC-N7A (current) and HC-N7B (current) should be greater than zero.  | if (bhck5459-q2 gt 0) and (bhck5460-q2 gt 0) and ((bhck5459-q2 + bhck5460-q2) gt 1000) and ((bhckj454-q1 + bhck1545-q1 + bhckj451-q1) gt 0) then ((bhck5459-q1 + bhck5460-q1) gt 0)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N7B      | BHCK5460    | HC-N7B should not be null and should not be negative.   | bhck5460 ne null and bhck5460 ge 0   |
| FRY9C  | 20120630             | 99991231           | Added       | HC-N     | Quality     | 1004        | HC-N7B      | BHCK5460    | HC-NM9bB should be less than or equal to the sum of HC-N1a1B through HC-N7B.  | bhckl187 le (bhckf174 + bhckf175 + bhck3494 + bhck5399 + bhckc237 + bhckc239 + bhck3500 + bhckf180 + bhckf181 + bhckb573 + bhck5378 + bhck5381 + bhck1597 + bhck1607 + bhckb576 + bhckk214 + bhckk217 + bhck5390 + bhck5460) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6753        | HC-N7C      | BHCK5461    | If HC-N7C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (bhck5461-q1 - bhck5461-q2) gt 0 then bhckk410-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N7C      | BHCK5461    | HC-N7C should not be null and should not be negative.   | bhck5461 ne null and bhck5461 ge 0   |

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| FRY9C  | 20120630             | 99991231           | Added       | HC-N     | Quality     | 1005        | HC-N7C      | BHCK5461    | HC-NM9bC should be less than or equal to the sum of HC-N1a1C through HC-N7C.  | bhck188 le (bhckf176 + bhckf177 + bhck3495 + bhck5400 + bhckc229 + bhckc230 + bhck3501 + bhckf182 + bhckf183 + bhckb574 + bhck5379 + bhck5382 + bhck1583 + bhck1608 + bhckb577 + bhckk215 + bhckk218 + bhck5391 + bhck5461)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N8aA     | BHCKF166    | HC-N8aA should not be null and should not be negative.  | bhckf166 ne null and bhckf166 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6652        | HC-N8aB     | BHCKF167    | If HC-N8aA (previous) is greater than zero and HC-N8aB (previous) is greater than zero and the sum of HC-N8aA (previous) and HC-N8aB (previous) is greater than \$1 million and HC-C10aA (current) is greater than zero, then the sum of HC-N8aA (current) and HC-N8aB (current) should be greater than zero. | if (bhckf166-q2 gt 0) and (bhckf167-q2 gt 0) and ((bhckf166-q2 + bhckf167-q2) gt 1000) and (bhckf162-q1 gt 0) then ((bhckf166-q1 + bhckf167-q1) gt 0)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N8aB     | BHCKF167    | HC-N8aB should not be null and should not be negative.  | bhckf167 ne null and bhckf167 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6754        | HC-N8aC     | BHCKF168    | If HC-N8aC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (bhckf168-q1 - bhckf168-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N8aC     | BHCKF168    | HC-N8aC should not be null and should not be negative.  | bhckf168 ne null and bhckf168 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N8bA     | BHCKF169    | HC-N8bA should not be null and should not be negative.  | bhckf169 ne null and bhckf169 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6655        | HC-N8bB     | BHCKF170    | If HC-N8bA (previous) is greater than zero and HC-N8bB (previous) is greater than zero and the sum of HC-N8bA (previous) and HC-N8bB (previous) is greater than \$1 million and HC-C10bA (current) is greater than zero, then the sum of HC-N8bA (current) and HC-N8bB (current) should be greater than zero. | if (bhckf169-q2 gt 0) and (bhckf170-q2 gt 0) and ((bhckf169-q2 + bhckf170-q2) gt 1000) and (bhckf163-q1 gt 0) then ((bhckf169-q1 + bhckf170-q1) gt 0)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N8bB     | BHCKF170    | HC-N8bB should not be null and should not be negative.  | bhckf170 ne null and bhckf170 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6755        | HC-N8bC     | BHCKF171    | If HC-N8bC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (bhckf171-q1 - bhckf171-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N8bC     | BHCKF171    | HC-N8bC should not be null and should not be negative.  | bhckf171 ne null and bhckf171 ge 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 6663        | HC-N9A      | BHCK3505    | If HC-N9A is greater than zero, then the sum of HC-N1a1A through HC-N8bA should not equal HC-N9A.   | if bhck3505 gt 0 then ((bhckf172 + bhckf173 + bhck3493 + bhck5398 + bhckc236 + bhckc238 + bhck3499 + bhckf178 + bhckf179 + bhckb572 + bhck5377 + bhck5380 + bhck1594 + bhck1606 + bhckb575 + bhckk213 + bhckk216 + bhck5389 + bhck5459 + bhckf166 + bhckf169) ne bhck3505 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N9A      | BHCK3505    | HC-N9A should not be null and should not be negative.   | bhck3505 ne null and bhck3505 ge 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 6664        | HC-N9B      | BHCK3506    | If HC-N9B is greater than zero, then the sum of HC-N1a1B through HC-N8bB should not equal HC-N9B.   | if bhck3506 gt 0 then ((bhckf174 + bhckf175 + bhck3494 + bhck5399 + bhckc237 + bhckc239 + bhck3500 + bhckf180 + bhckf181 + bhckb573 + bhck5378 + bhck5381 + bhck1597 + bhck1607 + bhckb576 + bhckk214 + bhckk217 + bhck5390 + bhck5460 + bhckf167 + bhckf170) ne bhck3506 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 6665        | HC-N9B      | BHCK3506    | Sum of HC-N9A and HC-N9B, divided by the sum of HC-BM2a through HC-BM2c should not exceed tolerance of 10%.   | if (bhck0383 + bhck0384 + bhck0387) ne 0 then (bhck3505 + bhck3506) / (bhck0383 + bhck0384 + bhck0387) * 100 le 10  |

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| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N9B      | BHCK3506    | HC-N9B should not be null and should not be negative.   | bhck3506 ne null and bhck3506 ge 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 6666        | HC-N9C      | BHCK3507    | If HC-N9C is greater than zero, then the sum of HC-N1a1C through HC-N8bC should not equal HC-N9C.   | if bhck3507 gt 0 then ((bhckf176 + bhckf177 + bhck3495 + bhck5400 + bhckc229 + bhckc230 + bhck3501 + bhckf182 + bhckf183 + bhckb574 + bhck5379 + bhck5382 + bhck1583 + bhck1608 + bhckb577 + bhckk215 + bhckk218 + bhck5391 + bhck5461 + bhckf168 + bhckf171 + bhck3507)) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6667        | HC-N9C      | BHCK3507    | If HC-N9C (previous) is greater than or equal to \$500 thousand, then HC-N9C (current) should be greater than 0.  | if (bhck3507-q2 ge 500) then (bhck3507-q1 gt 0)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6756        | HC-N9C      | BHCK3507    | If HC-N9C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (bhck3507-q1 - bhck3507-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N9C      | BHCK3507    | HC-N9C should not be null and should not be negative.   | bhck3507 ne null and bhck3507 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N10A     | BHCK5524    | HC-N10A should not be null and should not be negative.  | bhck5524 ne null and bhck5524 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N10B     | BHCK5525    | HC-N10B should not be null and should not be negative.  | bhck5525 ne null and bhck5525 ge 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 6660        | HC-N10C     | BHCK5526    | If HC-C12A is greater than zero, then the sum of HC-N10A through HC-N10C minus the sum of HC-N9A through HC-N9C divided by HC-C12A should not exceed tolerance of 20%.  | if bhck2122 gt 0 then (((bhck5524 + bhck5525 + bhck5526) - (bhck3505 + bhck3506 + bhck3507)) / bhck2122) * 100 le 20  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N10C     | BHCK5526    | HC-N10C should not be null and should not be negative.  | bhck5526 ne null and bhck5526 ge 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-N11A     | BHCKK036    | HC-N11A should not be null and should not be negative.  | bhckk036 ne null and bhckk036 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0432        | HC-N11B     | BHCKK037    | If HC-N11A (previous) is greater than zero and HC-N11B (previous) is greater than zero and the sum of HC-N11A (previous) and HC-N11B (previous) is greater than \$1 million, then the sum of HC-N11A (current) and HC-N11B (current) should be greater than zero.       | if (bhckk036-q2 gt 0 and bhckk037-q2 gt 0) and (bhckk036-q2 + bhckk037-q2) gt 1000 then (bhckk036-q1 + bhckk037-q1) gt 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-N11B     | BHCKK037    | HC-N11B should not be null and should not be negative.  | bhckk037 ne null and bhckk037 ge 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-N11C     | BHCKK038    | HC-N11C should not be null and should not be negative.  | bhckk038 ne null and bhckk038 ge 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 6670        | HC-N11aA    | BHCKK039    | If HC-N11A is greater than zero, then the sum of HC-N11aA and HC-N11bA should be greater than zero.   | if bhckk036 gt 0 then (bhckk039 + bhckk042) gt 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-N11aA    | BHCKK039    | HC-N11aA should not be null and should not be negative.   | bhckk039 ne null and bhckk039 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0433        | HC-N11aB    | BHCKK040    | If HC-N11aA (previous) is greater than zero and HC-N11aB (previous) is greater than zero and the sum of HC-N11aA (previous) and HC-N11aB (previous) is greater than \$1 million, then the sum of HC-N11aA (current) and HC-N11aB (current) should be greater than zero. | if (bhckk039-q2 gt 0 and bhckk040-q2 gt 0) and (bhckk039-q2 + bhckk040-q2) gt 1000 then (bhckk039-q1 + bhckk040-q1) gt 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 6675        | HC-N11aB    | BHCKK040    | If HC-N11B is greater than zero, then the sum of HC-N11aB and HC-N11bB should be greater than zero.   | if bhckk037 gt 0 then (bhckk040 + bhckk043) gt 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-N11aB    | BHCKK040    | HC-N11aB should not be null and should not be negative.   | bhckk040 ne null and bhckk040 ge 0  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 6680        | HC-N11aC    | BHCKK041    | If HC-N11C is greater than zero, then the sum of HC-N11aC and HC-N11bC should be greater than zero.   | if bhckk038 gt 0 then (bhckk041 + bhckk044) gt 0  |

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| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-N11aC    | BHCKK041    | HC-N11aC should not be null and should not be negative.   | bhckk041 ne null and bhckk041 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-N11bA    | BHCKK042    | HC-N11bA should not be null and should not be negative.   | bhckk042 ne null and bhckk042 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0434        | HC-N11bB    | BHCKK043    | If HC-N11bA (previous) is greater than zero and HC-N11bB (previous) is greater than zero and the sum of HC-N11bA (previous) and HC-N11bB (previous) is greater than \$1 million, then the sum of HC-N11bA (current) and HC-N11bB (current) should be greater than zero.       | if (bhckk042-q2 gt 0 and bhckk043-q2 gt 0) and (bhckk042-q2 + bhckk043-q2) gt 1000 then (bhckk042-q1 + bhckk043-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-N11bB    | BHCKK043    | HC-N11bB should not be null and should not be negative.   | bhckk043 ne null and bhckk043 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-N11bC    | BHCKK044    | HC-N11bC should not be null and should not be negative.   | bhckk044 ne null and bhckk044 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12a1A   | BHDMK045    | HC-N12a1A should not be null and should not be negative.  | bhdmk045 ne null and bhdmk045 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0435        | HC-N12a1A   | BHDMK046    | If HC-N12a1A (previous) is greater than zero and HC-N12a1B (previous) is greater than zero and the sum of HC-N12a1A (previous) and HC-N12a1B (previous) is greater than \$1 million, then the sum of HC-N12a1A (current) and HC-N12a1B (current) should be greater than zero. | if (bhdmk045-q2 gt 0 and bhdmk046-q2 gt 0) and (bhdmk045-q2 + bhdmk046-q2) gt 1000 then (bhdmk045-q1 + bhdmk046-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12a1B   | BHDMK046    | HC-N12a1B should not be null and should not be negative.  | bhdmk046 ne null and bhdmk046 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12a1C   | BHDMK047    | HC-N12a1C should not be null and should not be negative.  | bhdmk047 ne null and bhdmk047 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12a1A   | BHDMK048    | HC-N12a1A should not be null and should not be negative.  | bhdmk048 ne null and bhdmk048 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0436        | HC-N12a1B   | BHDMK049    | If HC-N12a1A (previous) is greater than zero and HC-N12a1B (previous) is greater than zero and the sum of HC-N12a1A (previous) and HC-N12a1B (previous) is greater than \$1 million, then the sum of HC-N12a1A (current) and HC-N12a1B (current) should be greater than zero. | if (bhdmk048-q2 gt 0 and bhdmk049-q2 gt 0) and (bhdmk048-q2 + bhdmk049-q2) gt 1000 then (bhdmk048-q1 + bhdmk049-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12a1B   | BHDMK049    | HC-N12a1B should not be null and should not be negative.  | bhdmk049 ne null and bhdmk049 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12a1C   | BHDMK050    | HC-N12a1C should not be null and should not be negative.  | bhdmk050 ne null and bhdmk050 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12a2A   | BHDMK051    | HC-N12a2A should not be null and should not be negative.  | bhdmk051 ne null and bhdmk051 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0437        | HC-N12a2B   | BHDMK052    | If HC-N12a2A (previous) is greater than zero and HC-N12a2B (previous) is greater than zero and the sum of HC-N12a2A (previous) and HC-N12a2B (previous) is greater than \$1 million, then the sum of HC-N12a2A (current) and HC-N12a2B (current) should be greater than zero. | if (bhdmk051-q2 gt 0 and bhdmk052-q2 gt 0) and (bhdmk051-q2 + bhdmk052-q2) gt 1000 then (bhdmk051-q1 + bhdmk052-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12a2B   | BHDMK052    | HC-N12a2B should not be null and should not be negative.  | bhdmk052 ne null and bhdmk052 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12a2C   | BHDMK053    | HC-N12a2C should not be null and should not be negative.  | bhdmk053 ne null and bhdmk053 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12a3A   | BHDMK054    | HC-N12a3A should not be null and should not be negative.  | bhdmk054 ne null and bhdmk054 ge 0   |

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| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseres | 0438        | HC-N12a3aB  | BHDMK055    | If HC-N12a3aA (previous) is greater than zero and HC-N12a3aB (previous) is greater than zero and the sum of HC-N12a3aA (previous) and HC-N12a3aB (previous) is greater than \$1 million, then the sum of HC-N12a3aA (current) and HC-N12a3aB (current) should be greater than zero.       | if (bhdmk054-q2 gt 0 and bhdmk055-q2 gt 0) and (bhdmk054-q2 + bhdmk055-q2) gt 1000 then (bhdmk054-q1 + bhdmk055-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality    | 9520        | HC-N12a3aB  | BHDMK055    | HC-N12a3aB should not be null and should not be negative.   | bhdmk055 ne null and bhdmk055 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality    | 9520        | HC-N12a3aC  | BHDMK056    | HC-N12a3aC should not be null and should not be negative.   | bhdmk056 ne null and bhdmk056 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality    | 9520        | HC-N12a3b1A | BHDMK057    | HC-N12a3b1A should not be null and should not be negative.  | bhdmk057 ne null and bhdmk057 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseres | 0439        | HC-N12a3b1B | BHDMK058    | If HC-N12a3b1A (previous) is greater than zero and HC-N12a3b1B (previous) is greater than zero and the sum of HC-N12a3b1A (previous) and HC-N12a3b1B (previous) is greater than \$1 million, then the sum of HC-N12a3b1A (current) and HC-N12a3b1B (current) should be greater than zero. | if (bhdmk057-q2 gt 0 and bhdmk058-q2 gt 0) and (bhdmk057-q2 + bhdmk058-q2) gt 1000 then (bhdmk057-q1 + bhdmk058-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality    | 9520        | HC-N12a3b1B | BHDMK058    | HC-N12a3b1B should not be null and should not be negative.  | bhdmk058 ne null and bhdmk058 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality    | 9520        | HC-N12a3b1C | BHDMK059    | HC-N12a3b1C should not be null and should not be negative.  | bhdmk059 ne null and bhdmk059 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality    | 9520        | HC-N12a3b2A | BHDMK060    | HC-N12a3b2A should not be null and should not be negative.  | bhdmk060 ne null and bhdmk060 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseres | 0440        | HC-N12a3b2B | BHDMK061    | If HC-N12a3b2A (previous) is greater than zero and HC-N12a3b2B (previous) is greater than zero and the sum of HC-N12a3b2A (previous) and HC-N12a3b2B (previous) is greater than \$1 million, then the sum of HC-N12a3b2A (current) and HC-N12a3b2B (current) should be greater than zero. | if (bhdmk060-q2 gt 0 and bhdmk061-q2 gt 0) and (bhdmk060-q2 + bhdmk061-q2) gt 1000 then (bhdmk060-q1 + bhdmk061-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality    | 9520        | HC-N12a3b2B | BHDMK061    | HC-N12a3b2B should not be null and should not be negative.  | bhdmk061 ne null and bhdmk061 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality    | 9520        | HC-N12a3b2C | BHDMK062    | HC-N12a3b2C should not be null and should not be negative.  | bhdmk062 ne null and bhdmk062 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality    | 9520        | HC-N12a4A   | BHDMK063    | HC-N12a4A should not be null and should not be negative.  | bhdmk063 ne null and bhdmk063 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseres | 0441        | HC-N12a4B   | BHDMK064    | If HC-N12a4A (previous) is greater than zero and HC-N12a4B (previous) is greater than zero and the sum of HC-N12a4A (previous) and HC-N12a4B (previous) is greater than \$1 million, then the sum of HC-N12a4A (current) and HC-N12a4B (current) should be greater than zero.             | if (bhdmk063-q2 gt 0 and bhdmk064-q2 gt 0) and (bhdmk063-q2 + bhdmk064-q2) gt 1000 then (bhdmk063-q1 + bhdmk064-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality    | 9520        | HC-N12a4B   | BHDMK064    | HC-N12a4B should not be null and should not be negative.  | bhdmk064 ne null and bhdmk064 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality    | 9520        | HC-N12a4C   | BHDMK065    | HC-N12a4C should not be null and should not be negative.  | bhdmk065 ne null and bhdmk065 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality    | 9520        | HC-N12a5aA  | BHDMK066    | HC-N12a5aA should not be null and should not be negative.   | bhdmk066 ne null and bhdmk066 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseres | 0442        | HC-N12a5aB  | BHDMK067    | If HC-N12a5aA (previous) is greater than zero and HC-N12a5aB (previous) is greater than zero and the sum of HC-N12a5aA (previous) and HC-N12a5aB (previous) is greater than \$1 million, then the sum of HC-N12a5aA (current) and HC-N12a5aB (current) should be greater than zero.       | if (bhdmk066-q2 gt 0 and bhdmk067-q2 gt 0) and (bhdmk066-q2 + bhdmk067-q2) gt 1000 then (bhdmk066-q1 + bhdmk067-q1) gt 0 |

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| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12a5aB  | BHDMK067    | HC-N12a5aB should not be null and should not be negative.   | bhdmk067 ne null and bhdmk067 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12a5aC  | BHDMK068    | HC-N12a5aC should not be null and should not be negative.   | bhdmk068 ne null and bhdmk068 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12a5bA  | BHDMK069    | HC-N12a5bA should not be null and should not be negative.   | bhdmk069 ne null and bhdmk069 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0443        | HC-N12a5bB  | BHDMK070    | If HC-N12a5bA (previous) is greater than zero and HC-N12a5bB (previous) is greater than zero and the sum of HC-N12a5bA (previous) and HC-N12a5bB (previous) is greater than \$1 million, then the sum of HC-N12a5bA (current) and HC-N12a5bB (current) should be greater than zero. | if (bhdmk069-q2 gt 0 and bhdmk070-q2 gt 0) and (bhdmk069-q2 + bhdmk070-q2) gt 1000 then (bhdmk069-q1 + bhdmk070-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12a5bB  | BHDMK070    | HC-N12a5bB should not be null and should not be negative.   | bhdmk070 ne null and bhdmk070 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12a5bC  | BHDMK071    | HC-N12a5bC should not be null and should not be negative.   | bhdmk071 ne null and bhdmk071 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12bA    | BHCKK072    | HC-N12bA should not be null and should not be negative.   | bhckk072 ne null and bhckk072 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0444        | HC-N12bB    | BHCKK073    | If HC-N12bA (previous) is greater than zero and HC-N12bB (previous) is greater than zero and the sum of HC-N12bA (previous) and HC-N12bB (previous) is greater than \$1 million, then the sum of HC-N12bA (current) and HC-N12bB (current) should be greater than zero.             | if (bhckk072-q2 gt 0 and bhckk073-q2 gt 0) and (bhckk072-q2 + bhckk073-q2) gt 1000 then (bhckk072-q1 + bhckk073-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12bB    | BHCKK073    | HC-N12bB should not be null and should not be negative.   | bhckk073 ne null and bhckk073 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12bC    | BHCKK074    | HC-N12bC should not be null and should not be negative.   | bhckk074 ne null and bhckk074 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12cA    | BHCKK075    | HC-N12cA should not be null and should not be negative.   | bhckk075 ne null and bhckk075 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0445        | HC-N12cB    | BHCKK076    | If HC-N12cA (previous) is greater than zero and HC-N12cB (previous) is greater than zero and the sum of HC-N12cA (previous) and HC-N12cB (previous) is greater than \$1 million, then the sum of HC-N12cA (current) and HC-N12cB (current) should be greater than zero.             | if (bhckk075-q2 gt 0 and bhckk076-q2 gt 0) and (bhckk075-q2 + bhckk076-q2) gt 1000 then (bhckk075-q1 + bhckk076-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12cB    | BHCKK076    | HC-N12cB should not be null and should not be negative.   | bhckk076 ne null and bhckk076 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12cC    | BHCKK077    | HC-N12cC should not be null and should not be negative.   | bhckk077 ne null and bhckk077 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12d1A   | BHCKK078    | HC-N12d1A should not be null and should not be negative.  | bhckk078 ne null and bhckk078 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0446        | HC-N12d1B   | BHCKK079    | If HC-N12d1A (previous) is greater than zero and HC-N12d1B (previous) is greater than zero and the sum of HC-N12d1A (previous) and HC-N12d1B (previous) is greater than \$1 million, then the sum of HC-N12d1A (current) and HC-N12d1B (current) should be greater than zero.       | if (bhckk078-q2 gt 0 and bhckk079-q2 gt 0) and (bhckk078-q2 + bhckk079-q2) gt 1000 then (bhckk078-q1 + bhckk079-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12d1B   | BHCKK079    | HC-N12d1B should not be null and should not be negative.  | bhckk079 ne null and bhckk079 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12d1C   | BHCKK080    | HC-N12d1C should not be null and should not be negative.  | bhckk080 ne null and bhckk080 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12d2A   | BHCKK081    | HC-N12d2A should not be null and should not be negative.  | bhckk081 ne null and bhckk081 ge 0   |

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| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0447        | HC-N12d2B   | BHCKK082    | If HC-N12d2A (previous) is greater than zero and HC-N12d2B (previous) is greater than zero and the sum of HC-N12d2A (previous) and HC-N12d2B (previous) is greater than \$1 million, then the sum of HC-N12d2A (current) and HC-N12d2B (current) should be greater than zero. | if (bhckk081-q2 gt 0 and bhckk082-q2 gt 0) and (bhckk081-q2 + bhckk082-q2) gt 1000 then (bhckk081-q1 + bhckk082-q1) gt 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12d2B   | BHCKK082    | HC-N12d2B should not be null and should not be negative.  | bhckk082 ne null and bhckk082 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12d2C   | BHCKK083    | HC-N12d2C should not be null and should not be negative.  | bhckk083 ne null and bhckk083 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12d3A   | BHCKK084    | HC-N12d3A should not be null and should not be negative.  | bhckk084 ne null and bhckk084 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0448        | HC-N12d3B   | BHCKK085    | If HC-N12d3A (previous) is greater than zero and HC-N12d3B (previous) is greater than zero and the sum of HC-N12d3A (previous) and HC-N12d3B (previous) is greater than \$1 million, then the sum of HC-N12d3A (current) and HC-N12d3B (current) should be greater than zero. | if (bhckk084-q2 gt 0 and bhckk085-q2 gt 0) and (bhckk084-q2 + bhckk085-q2) gt 1000 then (bhckk084-q1 + bhckk085-q1) gt 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12d3B   | BHCKK085    | HC-N12d3B should not be null and should not be negative.  | bhckk085 ne null and bhckk085 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12d3C   | BHCKK086    | HC-N12d3C should not be null and should not be negative.  | bhckk086 ne null and bhckk086 ge 0  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-N     | Quality     | 0545        | HC-N12eA    | BHCKK087    | If the sum of HC-N12a1aA through HC-N12eA is not equal to zero, then HC-N12fA divided by the sum of HC-N12a1aA through HC-N12eA should be within 80% and 95%.   | if (bhdmk045 + bhdmk048 + bhdmk051 + bhdmk054 + bhdmk057 + bhdmk060 + bhdmk063 + bhdmk066 + bhdmk069 + bhckk072 + bhckk075 + bhckk078 + bhckk081 + bhckk084 + bhckk087) ne 0 then (bhckk102 / (bhdmk045 + bhdmk048 + bhdmk051 + bhdmk054 + bhdmk057 + bhdmk060 + bhdmk063 + bhdmk066 + bhdmk069 + bhckk072 + bhckk075 + bhckk078 + bhckk081 + bhckk084 + bhckk087) * 100) ge 80 and (bhckk102 / (bhdmk045 + bhdmk048 + bhdmk051 + bhdmk054 + bhdmk057 + bhdmk060 + bhdmk063 + bhdmk066 + bhdmk069 + bhckk072 + bhckk075 + bhckk078 + bhckk081 + |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12eA    | BHCKK087    | HC-N12eA should not be null and should not be negative.   | bhckk087 ne null and bhckk087 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0449        | HC-N12eB    | BHCKK088    | If HC-N12eA (previous) is greater than zero and HC-N12eB (previous) is greater than zero and the sum of HC-N12eA (previous) and HC-N12eB (previous) is greater than \$1 million, then the sum of HC-N12eA (current) and HC-N12eB (current) should be greater than zero.       | if (bhckk087-q2 gt 0 and bhckk088-q2 gt 0) and (bhckk087-q2 + bhckk088-q2) gt 1000 then (bhckk087-q1 + bhckk088-q1) gt 0  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20120331             | 99991231           | Added       | HC-N     | Quality     | 0546        | HC-N12eB    | BHCKK088    | If the sum of HC-N12a1aB through HC-N12eB is not equal to zero, then HC-N12fB divided by the sum of HC-N12a1aB through HC-N12eB should be within 80% and 95%.   | if (bhdmk046 + bhdmk049 + bhdmk052 + bhdmk055 + bhdmk058 + bhdmk061 + bhdmk064 + bhdmk067 + bhdmk070 + bhckk073 + bhckk076 + bhckk079 + bhckk082 + bhckk085 + bhckk088) ne 0 then (bhckk103 / (bhdmk046 + bhdmk049 + bhdmk052 + bhdmk055 + bhdmk058 + bhdmk061 + bhdmk064 + bhdmk067 + bhdmk070 + bhckk073 + bhckk076 + bhckk079 + bhckk082 + bhckk085 + bhckk088) * 100) ge 80 and (bhckk103 / (bhdmk046 + bhdmk049 + bhdmk052 + bhdmk055 + bhdmk058 + bhdmk061 + bhdmk064 + bhdmk067 + bhdmk070 + bhckk073 + bhckk076 + bhckk079 + bhckk082 + |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12eB    | BHCKK088    | HC-N12eB should not be null and should not be negative.   | bhckk088 ne null and bhckk088 ge 0  |
| FRY9C  | 20120331             | 99991231           | Added       | HC-N     | Quality     | 0547        | HC-N12eC    | BHCKK089    | If the sum of HC-N12a1aC through HC-N12eC is not equal to zero, then HC-N12fC divided by the sum of HC-N12a1aC through HC-N12eC should be within 80% and 95%.   | if (bhdmk047 + bhdmk050 + bhdmk053 + bhdmk056 + bhdmk059 + bhdmk062 + bhdmk065 + bhdmk068 + bhdmk071 + bhckk074 + bhckk077 + bhckk080 + bhckk083 + bhckk086 + bhckk089) ne 0 then (bhckk104 / (bhdmk047 + bhdmk050 + bhdmk053 + bhdmk056 + bhdmk059 + bhdmk062 + bhdmk065 + bhdmk068 + bhdmk071 + bhckk074 + bhckk077 + bhckk080 + bhckk083 + bhckk086 + bhckk089) * 100) ge 80 and (bhckk104 / (bhdmk047 + bhdmk050 + bhdmk053 + bhdmk056 + bhdmk059 + bhdmk062 + bhdmk065 + bhdmk068 + bhdmk071 + bhckk074 + bhckk077 + bhckk080 + bhckk083 + |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12eC    | BHCKK089    | HC-N12eC should not be null and should not be negative.   | bhckk089 ne null and bhckk089 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12e1A   | BHCKK091    | HC-N12e1A should not be null and should not be negative.  | bhckk091 ne null and bhckk091 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0458        | HC-N12e1B   | BHCKK092    | If HC-N12e1A (previous) is greater than zero and HC-N12e1B (previous) is greater than zero and the sum of HC-N12e1A (previous) and HC-N12e1B (previous) is greater than \$1 million, then the sum of HC-N12e1A (current) and HC-N12e1B (current) should be greater than zero. | if (bhckk091-q2 gt 0 and bhckk092-q2 gt 0) and (bhckk091-q2 + bhckk092-q2) gt 1000 then (bhckk091-q1 + bhckk092-q1) gt 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12e1B   | BHCKK092    | HC-N12e1B should not be null and should not be negative.  | bhckk092 ne null and bhckk092 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12e1C   | BHCKK093    | HC-N12e1C should not be null and should not be negative.  | bhckk093 ne null and bhckk093 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12e2A   | BHCKK095    | HC-N12e2A should not be null and should not be negative.  | bhckk095 ne null and bhckk095 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0459        | HC-N12e2B   | BHCKK096    | If HC-N12e2A (previous) is greater than zero and HC-N12e2B (previous) is greater than zero and the sum of HC-N12e2A (previous) and HC-N12e2B (previous) is greater than \$1 million, then the sum of HC-N12e2A (current) and HC-N12e2B (current) should be greater than zero. | if (bhckk095-q2 gt 0 and bhckk096-q2 gt 0) and (bhckk095-q2 + bhckk096-q2) gt 1000 then (bhckk095-q1 + bhckk096-q1) gt 0  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12e2B   | BHCKK096    | HC-N12e2B should not be null and should not be negative.  | bhckk096 ne null and bhckk096 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12e2C   | BHCKK097    | HC-N12e2C should not be null and should not be negative.  | bhckk097 ne null and bhckk097 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12e3A   | BHCKK099    | HC-N12e3A should not be null and should not be negative.  | bhckk099 ne null and bhckk099 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0460        | HC-N12e3B   | BHCKK100    | If HC-N12e3A (previous) is greater than zero and HC-N12e3B (previous) is greater than zero and the sum of HC-N12e3A (previous) and HC-N12e3B (previous) is greater than \$1 million, then the sum of HC-N12e3A (current) and HC-N12e3B (current) should be greater than zero. | if (bhckk099-q2 gt 0 and bhckk100-q2 gt 0) and (bhckk099-q2 + bhckk100-q2) gt 1000 then (bhckk099-q1 + bhckk100-q1) gt 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12e3B   | BHCKK100    | HC-N12e3B should not be null and should not be negative.  | bhckk100 ne null and bhckk100 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12e3C   | BHCKK101    | HC-N12e3C should not be null and should not be negative.  | bhckk101 ne null and bhckk101 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12e4A   | BHCKK269    | HC-N12e4A should not be null and should not be negative.  | bhckk269 ne null and bhckk269 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0461        | HC-N12e4B   | BHCKK271    | If HC-N12e4A (previous) is greater than zero and HC-N12e4B (previous) is greater than zero and the sum of HC-N12e4A (previous) and HC-N12e4B (previous) is greater than \$1 million, then the sum of HC-N12e4A (current) and HC-N12e4B (current) should be greater than zero. | if (bhckk269-q2 gt 0 and bhckk271-q2 gt 0) and (bhckk269-q2 + bhckk271-q2) gt 1000 then (bhckk269-q1 + bhckk271-q1) gt 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12e4B   | BHCKK271    | HC-N12e4B should not be null and should not be negative.  | bhckk271 ne null and bhckk271 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12e4C   | BHCKK272    | HC-N12e4C should not be null and should not be negative.  | bhckk272 ne null and bhckk272 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0433        | HC-N12fA    | BHCKK102    | If the sum of HC-N12a1aA through HC-N12eA is greater than zero then HC-N12fA should be greater than zero.   | if (bhdmk045 + bhdmk048 + bhdmk051 + bhdmk054 + bhdmk057 + bhdmk060 + bhdmk063 + bhdmk066 + bhdmk069 + bhckk072 + bhckk075 + bhckk078 + bhckk081 + bhckk084 + bhckk087) gt 0 then bhckk102 gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12fA    | BHCKK102    | HC-N12fA should not be null and should not be negative.   | bhckk102 ne null and bhckk102 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0434        | HC-N12fB    | BHCKK103    | If the sum of HC-N12a1aB through HC-N12eB is greater than zero then HC-N12fB should be greater than zero.   | if (bhdmk046 + bhdmk049 + bhdmk052 + bhdmk055 + bhdmk058 + bhdmk061 + bhdmk064 + bhdmk067 + bhdmk070 + bhckk073 + bhckk076 + bhckk079 + bhckk082 + bhckk085 + bhckk088) gt 0 then bhckk103 gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12fB    | BHCKK103    | HC-N12fB should not be null and should not be negative.   | bhckk103 ne null and bhckk103 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0435        | HC-N12fC    | BHCKK104    | If the sum of HC-N12a1aC through HC-N12eC is greater than zero then HC-N12fC should be greater than zero.   | if (bhdmk047 + bhdmk050 + bhdmk053 + bhdmk056 + bhdmk059 + bhdmk062 + bhdmk065 + bhdmk068 + bhdmk071 + bhckk074 + bhckk077 + bhckk080 + bhckk083 + bhckk086 + bhckk089) gt 0 then bhckk104 gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-N12fC    | BHCKK104    | HC-N12fC should not be null and should not be negative.   | bhckk104 ne null and bhckk104 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1a1A   | BHDMK105    | HC-NM1a1A should not be null and should not be negative.  | bhdmk105 ne null and bhdmk105 ge 0  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0417        | HC-NM1a1B   | BHDMK106    | If HC-NM1a1A (previous) is greater than zero and HC-NM1a1B (previous) is greater than zero and the sum of HC-NM1a1A (previous) and HC-NM1a1B (previous) is greater than \$1 million, then the sum of HC-NM1a1A (current) and HC-NM1a1B (current) should be greater than zero. | if (bhdmk105-q2 gt 0 and bhdmk106-q2 gt 0) and (bhdmk105-q2 + bhdmk106-q2) gt 1000 then (bhdmk105-q1 + bhdmk106-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1a1B   | BHDMK106    | HC-NM1a1B should not be null and should not be negative.  | bhdmk106 ne null and bhdmk106 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0405        | HC-NM1a1C   | BHDMK107    | If the sum of HC-NM1a1A through HC-NM1a1C is greater than zero, then HC-CM1a1 should not equal the sum of HC-NM1a1A through HC-NM1a1C.  | if (bhdmk105 + bhdmk106 + bhdmk107) gt 0 then (bhdmk158 ne (bhdmk105 + bhdmk106 + bhdmk107))                             |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1a1C   | BHDMK107    | HC-NM1a1C should not be null and should not be negative.  | bhdmk107 ne null and bhdmk107 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1a2A   | BHDMK108    | HC-NM1a2A should not be null and should not be negative.  | bhdmk108 ne null and bhdmk108 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0418        | HC-NM1a2B   | BHDMK109    | If HC-NM1a2A (previous) is greater than zero and HC-NM1a2B (previous) is greater than zero and the sum of HC-NM1a2A (previous) and HC-NM1a2B (previous) is greater than \$1 million, then the sum of HC-NM1a2A (current) and HC-NM1a2B (current) should be greater than zero. | if (bhdmk108-q2 gt 0 and bhdmk109-q2 gt 0) and (bhdmk108-q2 + bhdmk109-q2) gt 1000 then (bhdmk108-q1 + bhdmk109-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1a2B   | BHDMK109    | HC-NM1a2B should not be null and should not be negative.  | bhdmk109 ne null and bhdmk109 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0406        | HC-NM1a2C   | BHDMK110    | If the sum of HC-NM1a2A through HC-NM1a2C is greater than zero, then HC-CM1a2 should not equal the sum of HC-NM1a2A through HC-NM1a2C.  | if (bhdmk108 + bhdmk109 + bhdmk110) gt 0 then (bhdmk159 ne (bhdmk108 + bhdmk109 + bhdmk110))                             |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1a2C   | BHDMK110    | HC-NM1a2C should not be null and should not be negative.  | bhdmk110 ne null and bhdmk110 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-NM1bA    | BHCKF661    | HC-NM1bA should not be null and should not be negative.   | bhckf661 ne null and bhckf661 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Intraseries | 0219        | HC-NM1bB    | BHCKF662    | If HC-NM1bA (previous) is greater than zero and HC-NM1bB (previous) is greater than zero and the sum of HC-NM1bA (previous) and HC-NM1bB (previous) is greater than \$1 million, then the sum of HC-NM1bA (current) and HC-NM1bB (current) should be greater than zero.       | if (bhckf661-q2 gt 0 and bhckf662-q2 gt 0) and (bhckf661-q2 + bhckf662-q2) gt 1000 then (bhckf661-q1 + bhckf662-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-NM1bB    | BHCKF662    | HC-NM1bB should not be null and should not be negative.   | bhckf662 ne null and bhckf662 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 0144        | HC-NM1bC    | BHCKF663    | If the sum of HC-NM1bA through HC-NM1bC is greater than zero, then HC-CM1b should not equal the sum of HC-NM1bA through HC-NM1bC.   | if (bhckf661 + bhckf662 + bhckf663) gt 0 then (bhdmf576 ne (bhckf661 + bhckf662 + bhckf663))                             |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-NM1bC    | BHCKF663    | HC-NM1bC should not be null and should not be negative.   | bhckf663 ne null and bhckf663 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1cA    | BHDMK111    | HC-NM1cA should not be null and should not be negative.   | bhdmk111 ne null and bhdmk111 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0419        | HC-NM1cB    | BHDMK112    | If HC-NM1cA (previous) is greater than zero and HC-NM1cB (previous) is greater than zero and the sum of HC-NM1cA (previous) and HC-NM1cB (previous) is greater than \$1 million, then the sum of HC-NM1cA (current) and HC-NM1cB (current) should be greater than zero.       | if (bhdmk111-q2 gt 0 and bhdmk112-q2 gt 0) and (bhdmk111-q2 + bhdmk112-q2) gt 1000 then (bhdmk111-q1 + bhdmk112-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1cB    | BHDMK112    | HC-NM1cB should not be null and should not be negative.   | bhdmk112 ne null and bhdmk112 ge 0   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0407        | HC-NM1cC    | BHDMK113    | If the sum of HC-NM1cA through HC-NM1cC is greater than zero, then HC-CM1c should not equal the sum of HC-NM1cA through HC-NM1cC.   | if (bhdmk111 + bhdmk112 + bhdmk113) gt 0 then (bhdmk160 ne (bhdmk111 + bhdmk112 + bhdmk113))                             |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1cC    | BHDMK113    | HC-NM1cC should not be null and should not be negative.   | bhdmk113 ne null and bhdmk113 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1d1A   | BHDMK114    | HC-NM1d1A should not be null and should not be negative.  | bhdmk114 ne null and bhdmk114 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0420        | HC-NM1d1B   | BHDMK115    | If HC-NM1d1A (previous) is greater than zero and HC-NM1d1B (previous) is greater than zero and the sum of HC-NM1d1A (previous) and HC-NM1d1B (previous) is greater than \$1 million, then the sum of HC-NM1d1A (current) and HC-NM1d1B (current) should be greater than zero. | if (bhdmk114-q2 gt 0 and bhdmk115-q2 gt 0) and (bhdmk114-q2 + bhdmk115-q2) gt 1000 then (bhdmk114-q1 + bhdmk115-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1d1B   | BHDMK115    | HC-NM1d1B should not be null and should not be negative.  | bhdmk115 ne null and bhdmk115 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0408        | HC-NM1d1C   | BHDMK116    | If the sum of HC-NM1d1A through HC-NM1d1C is greater than zero, then HC-CM1d1 should not equal the sum of HC-NM1d1A through HC-NM1d1C.  | if (bhdmk114 + bhdmk115 + bhdmk116) gt 0 then (bhdmk161 ne (bhdmk114 + bhdmk115 + bhdmk116))                             |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1d1C   | BHDMK116    | HC-NM1d1C should not be null and should not be negative.  | bhdmk116 ne null and bhdmk116 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1d2A   | BHDMK117    | HC-NM1d2A should not be null and should not be negative.  | bhdmk117 ne null and bhdmk117 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0421        | HC-NM1d2B   | BHDMK118    | If HC-NM1d2A (previous) is greater than zero and HC-NM1d2B (previous) is greater than zero and the sum of HC-NM1d2A (previous) and HC-NM1d2B (previous) is greater than \$1 million, then the sum of HC-NM1d2A (current) and HC-NM1d2B (current) should be greater than zero. | if (bhdmk117-q2 gt 0 and bhdmk118-q2 gt 0) and (bhdmk117-q2 + bhdmk118-q2) gt 1000 then (bhdmk117-q1 + bhdmk118-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1d2B   | BHDMK118    | HC-NM1d2B should not be null and should not be negative.  | bhdmk118 ne null and bhdmk118 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0409        | HC-NM1d2C   | BHDMK119    | If the sum of HC-NM1d2A through HC-NM1d2C is greater than zero, then HC-CM1d2 should not equal the sum of HC-NM1d2A through HC-NM1d2C.  | if (bhdmk117 + bhdmk118 + bhdmk119) gt 0 then (bhdmk162 ne (bhdmk117 + bhdmk118 + bhdmk119))                             |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1d2C   | BHDMK119    | HC-NM1d2C should not be null and should not be negative.  | bhdmk119 ne null and bhdmk119 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1e1A   | BHCKK120    | HC-NM1e1A should not be null and should not be negative.  | bhckk120 ne null and bhckk120 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0422        | HC-NM1e1B   | BHCKK121    | If HC-NM1e1A (previous) is greater than zero and HC-NM1e1B (previous) is greater than zero and the sum of HC-NM1e1A (previous) and HC-NM1e1B (previous) is greater than \$1 million, then the sum of HC-NM1e1A (current) and HC-NM1e1B (current) should be greater than zero. | if (bhckk120-q2 gt 0 and bhckk121-q2 gt 0) and (bhckk120-q2 + bhckk121-q2) gt 1000 then (bhckk120-q1 + bhckk121-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1e1B   | BHCKK121    | HC-NM1e1B should not be null and should not be negative.  | bhckk121 ne null and bhckk121 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0410        | HC-NM1e1C   | BHCKK122    | If the sum of HC-NM1e1A through HC-NM1e1C is greater than zero, then HC-CM1e1 should not equal the sum of HC-NM1e1A through HC-NM1e1C.  | if (bhckk120 + bhckk121 + bhckk122) gt 0 then (bhckk163 ne (bhckk120 + bhckk121 + bhckk122))                             |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1e1C   | BHCKK122    | HC-NM1e1C should not be null and should not be negative.  | bhckk122 ne null and bhckk122 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1e2A   | BHCKK123    | HC-NM1e2A should not be null and should not be negative.  | bhckk123 ne null and bhckk123 ge 0   |

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| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0423        | HC-NM1e2B   | BHCKK124    | If HC-NM1e2A (previous) is greater than zero and HC-NM1e2B (previous) is greater than zero and the sum of HC-NM1e2A (previous) and HC-NM1e2B (previous) is greater than \$1 million, then the sum of HC-NM1e2A (current) and HC-NM1e2B (current) should be greater than zero. | if (bhckk123-q2 gt 0 and bhckk124-q2 gt 0) and (bhckk123-q2 + bhckk124-q2) gt 1000 then (bhckk123-q1 + bhckk124-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1e2B   | BHCKK124    | HC-NM1e2B should not be null and should not be negative.  | bhckk124 ne null and bhckk124 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0411        | HC-NM1e2C   | BHCKK125    | If the sum of HC-NM1e2A through HC-NM1e2C is greater than zero, then HC-NM1e2C should not equal the sum of HC-NM1e2A through HC-NM1e2C.   | if (bhckk123 + bhckk124 + bhckk125) gt 0 then (bhckk164 ne (bhckk123 + bhckk124 + bhckk125))                             |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1e2C   | BHCKK125    | HC-NM1e2C should not be null and should not be negative.  | bhckk125 ne null and bhckk125 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-NM1fA    | BHCKK126    | HC-NM1fA should not be null and should not be negative.   | bhckk126 ne null and bhckk126 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Intraseries | 6695        | HC-NM1fB    | BHCKK127    | If HC-NM1fA (previous) is greater than zero and HC-NM1fB (previous) is greater than zero and the sum of HC-NM1fA (previous) and HC-NM1fB (previous) is greater than \$1 million, then the sum of HC-NM1fA (current) and HC-NM1fB (current) should be greater than zero.       | if (bhckk126-q2 gt 0 and bhckk127-q2 gt 0) and (bhckk126-q2 + bhckk127-q2) gt 1000 then (bhckk126-q1 + bhckk127-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-NM1fB    | BHCKK127    | HC-NM1fB should not be null and should not be negative.   | bhckk127 ne null and bhckk127 ge 0   |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 6700        | HC-NM1fC    | BHCKK128    | If the sum of HC-NM1fA through HC-NM1fC is greater than zero, then HC-NM1fC should not equal the sum of HC-NM1fA through HC-NM1fC.  | if (bhckk126 + bhckk127 + bhckk128) gt 0 then (bhckk165 ne (bhckk126 + bhckk127 + bhckk128))                             |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-N     | Quality     | 9520        | HC-NM1fC    | BHCKK128    | HC-NM1fC should not be null and should not be negative.   | bhckk128 ne null and bhckk128 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f1A   | BHDMK130    | HC-NM1f1A should not be null and should not be negative.  | bhdmk130 ne null and bhdmk130 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0462        | HC-NM1f1B   | BHDMK131    | If HC-NM1f1A (previous) is greater than zero and HC-NM1f1B (previous) is greater than zero and the sum of HC-NM1f1A (previous) and HC-NM1f1B (previous) is greater than \$1 million, then the sum of HC-NM1f1A (current) and HC-NM1f1B (current) should be greater than zero. | if (bhdmk130-q2 gt 0 and bhdmk131-q2 gt 0) and (bhdmk130-q2 + bhdmk131-q2) gt 1000 then (bhdmk130-q1 + bhdmk131-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f1B   | BHDMK131    | HC-NM1f1B should not be null and should not be negative.  | bhdmk131 ne null and bhdmk131 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0466        | HC-NM1f1C   | BHDMK132    | If the sum of HC-NM1f1A through HC-NM1f1C is greater than zero, then HC-NM1f1C should not equal the sum of HC-NM1f1A through HC-NM1f1C.   | if (bhdmk130 + bhdmk131 + bhdmk132) gt 0 then (bhdmk166 ne (bhdmk130 + bhdmk131 + bhdmk132))                             |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f1C   | BHDMK132    | HC-NM1f1C should not be null and should not be negative.  | bhdmk132 ne null and bhdmk132 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f2A   | BHCKK134    | HC-NM1f2A should not be null and should not be negative.  | bhckk134 ne null and bhckk134 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0463        | HC-NM1f2B   | BHCKK135    | If HC-NM1f2A (previous) is greater than zero and HC-NM1f2B (previous) is greater than zero and the sum of HC-NM1f2A (previous) and HC-NM1f2B (previous) is greater than \$1 million, then the sum of HC-NM1f2A (current) and HC-NM1f2B (current) should be greater than zero. | if (bhckk134-q2 gt 0 and bhckk135-q2 gt 0) and (bhckk134-q2 + bhckk135-q2) gt 1000 then (bhckk134-q1 + bhckk135-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f2B   | BHCKK135    | HC-NM1f2B should not be null and should not be negative.  | bhckk135 ne null and bhckk135 ge 0   |

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| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0467        | HC-NM1f2C   | BHCKK136    | If the sum of HC-NM1f2A through HC-NM1f2C is greater than zero, then HC-CM1f2 should not equal the sum of HC-NM1f2A through HC-NM1f2C.  | if (bhckk134 + bhckk135 + bhckk136) gt 0 then (bhckk167 ne (bhckk134 + bhckk135 + bhckk136))                             |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f2C   | BHCKK136    | HC-NM1f2C should not be null and should not be negative.  | bhckk136 ne null and bhckk136 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f3A   | BHCKK138    | HC-NM1f3A should not be null and should not be negative.  | bhckk138 ne null and bhckk138 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0464        | HC-NM1f3B   | BHCKK139    | If HC-NM1f3A (previous) is greater than zero and HC-NM1f3B (previous) is greater than zero and the sum of HC-NM1f3A (previous) and HC-NM1f3B (previous) is greater than \$1 million, then the sum of HC-NM1f3A (current) and HC-NM1f3B (current) should be greater than zero.       | if (bhckk138-q2 gt 0 and bhckk139-q2 gt 0) and (bhckk138-q2 + bhckk139-q2) gt 1000 then (bhckk138-q1 + bhckk139-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f3B   | BHCKK139    | HC-NM1f3B should not be null and should not be negative.  | bhckk139 ne null and bhckk139 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0468        | HC-NM1f3C   | BHCKK140    | If the sum of HC-NM1f3A through HC-NM1f3C is greater than zero, then HC-CM1f3 should not equal the sum of HC-NM1f3A through HC-NM1f3C.  | if (bhckk138 + bhckk139 + bhckk140) gt 0 then (bhckk168 ne (bhckk138 + bhckk139 + bhckk140))                             |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f3C   | BHCKK140    | HC-NM1f3C should not be null and should not be negative.  | bhckk140 ne null and bhckk140 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f4aA  | BHCKK274    | HC-NM1f4aA should not be null and should not be negative.   | bhckk274 ne null and bhckk274 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0465        | HC-NM1f4aB  | BHCKK275    | If HC-NM1f4aA (previous) is greater than zero and HC-NM1f4aB (previous) is greater than zero and the sum of HC-NM1f4aA (previous) and HC-NM1f4aB (previous) is greater than \$1 million, then the sum of HC-NM1f4aA (current) and HC-NM1f4aB (current) should be greater than zero. | if (bhckk274-q2 gt 0 and bhckk275-q2 gt 0) and (bhckk274-q2 + bhckk275-q2) gt 1000 then (bhckk274-q1 + bhckk275-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f4aB  | BHCKK275    | HC-NM1f4aB should not be null and should not be negative.   | bhckk275 ne null and bhckk275 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0481        | HC-NM1f4aC  | BHCKK276    | If the sum of HC-NM1f4aA through HC-NM1f4aC is greater than zero, then HC-CM1f4a should not equal the sum of HC-NM1f4aA through HC-NM1f4aC.   | if (bhckk274 + bhckk275 + bhckk276) gt 0 then (bhckk098 ne (bhckk274 + bhckk275 + bhckk276))                             |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f4aC  | BHCKK276    | HC-NM1f4aC should not be null and should not be negative.   | bhckk276 ne null and bhckk276 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f4bA  | BHCKK277    | HC-NM1f4bA should not be null and should not be negative.   | bhckk277 ne null and bhckk277 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0466        | HC-NM1f4bB  | BHCKK278    | If HC-NM1f4bA (previous) is greater than zero and HC-NM1f4bB (previous) is greater than zero and the sum of HC-NM1f4bA (previous) and HC-NM1f4bB (previous) is greater than \$1 million, then the sum of HC-NM1f4bA (current) and HC-NM1f4bB (current) should be greater than zero. | if (bhckk277-q2 gt 0 and bhckk278-q2 gt 0) and (bhckk277-q2 + bhckk278-q2) gt 1000 then (bhckk277-q1 + bhckk278-q1) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f4bB  | BHCKK278    | HC-NM1f4bB should not be null and should not be negative.   | bhckk278 ne null and bhckk278 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0469        | HC-NM1f4bC  | BHCKK279    | If the sum of HC-NM1f4bA through HC-NM1f4bC is greater than zero, then HC-CM1f4b should not equal the sum of HC-NM1f4bA through HC-NM1f4bC.   | if (bhckk277 + bhckk278 + bhckk279) gt 0 then (bhckk203 ne (bhckk277 + bhckk278 + bhckk279))                             |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f4bC  | BHCKK279    | HC-NM1f4bC should not be null and should not be negative.   | bhckk279 ne null and bhckk279 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f4cA  | BHCKK280    | HC-NM1f4cA should not be null and should not be negative.   | bhckk280 ne null and bhckk280 ge 0   |

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| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0467        | HC-NM1f4cB  | BHCKK281    | If HC-NM1f4cA (previous) is greater than zero and HC-NM1f4cB (previous) is greater than zero and the sum of HC-NM1f4cA (previous) and HC-NM1f4cB (previous) is greater than \$1 million, then the sum of HC-NM1f4cA (current) and HC-NM1f4cB (current) should be greater than zero.                          | if (bhckk280-q2 gt 0 and bhckk281-q2 gt 0) and (bhckk280-q2 + bhckk281-q2) gt 1000 then (bhckk280-q1 + bhckk281-q1) gt 0                      |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f4cB  | BHCKK281    | HC-NM1f4cB should not be null and should not be negative.  | bhckk281 ne null and bhckk281 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0470        | HC-NM1f4cC  | BHCKK282    | If the sum of HC-NM1f4cA through HC-NM1f4cC is greater than zero, then HC-NM1f4cC should not equal the sum of HC-NM1f4cA through HC-NM1f4cC.   | if (bhckk280 + bhckk281 + bhckk282) gt 0 then (bhckk204 ne (bhckk280 + bhckk281 + bhckk282))  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f4cC  | BHCKK282    | HC-NM1f4cC should not be null and should not be negative.  | bhckk282 ne null and bhckk282 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f5A   | BHCKK283    | HC-NM1f5A should not be null and should not be negative.   | bhckk283 ne null and bhckk283 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0468        | HC-NM1f5B   | BHCKK284    | If HC-NM1f5A (previous) is greater than zero and HC-NM1f5B (previous) is greater than zero and the sum of HC-NM1f5A (previous) and HC-NM1f5B (previous) is greater than \$1 million, then the sum of HC-NM1f5A (current) and HC-NM1f5B (current) should be greater than zero.                                | if (bhckk283-q2 gt 0 and bhckk284-q2 gt 0) and (bhckk283-q2 + bhckk284-q2) gt 1000 then (bhckk283-q1 + bhckk284-q1) gt 0                      |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f5B   | BHCKK284    | HC-NM1f5B should not be null and should not be negative.   | bhckk284 ne null and bhckk284 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0471        | HC-NM1f5C   | BHCKK285    | If the sum of HC-NM1f5A through HC-NM1f5C is greater than zero, then HC-NM1f5C should not equal the sum of HC-NM1f5A through HC-NM1f5C.  | if (bhckk283 + bhckk284 + bhckk285) gt 0 then (bhckk212 ne (bhckk283 + bhckk284 + bhckk285))  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f5C   | BHCKK285    | HC-NM1f5C should not be null and should not be negative.   | bhckk285 ne null and bhckk285 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f6A   | BHCKK286    | HC-NM1f6A should not be null and should not be negative.   | bhckk286 ne null and bhckk286 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Intraseries | 0469        | HC-NM1f6B   | BHCKK287    | If HC-NM1f6A (previous) is greater than zero and HC-NM1f6B (previous) is greater than zero and the sum of HC-NM1f6A (previous) and HC-NM1f6B (previous) is greater than \$1 million, then the sum of HC-NM1f6A (current) and HC-NM1f6B (current) should be greater than zero.                                | if (bhckk286-q2 gt 0 and bhckk287-q2 gt 0) and (bhckk286-q2 + bhckk287-q2) gt 1000 then (bhckk286-q1 + bhckk287-q1) gt 0                      |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f6B   | BHCKK287    | HC-NM1f6B should not be null and should not be negative.   | bhckk287 ne null and bhckk287 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0472        | HC-NM1f6C   | BHCKK288    | If the sum of HC-NM1f6A through HC-NM1f6C is greater than zero, then HC-NM1f6C should not equal the sum of HC-NM1f6A through HC-NM1f6C.  | if (bhckk286 + bhckk287 + bhckk288) gt 0 then (bhckk267 ne (bhckk286 + bhckk287 + bhckk288))  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 9520        | HC-NM1f6C   | BHCKK288    | HC-NM1f6C should not be null and should not be negative.   | bhckk288 ne null and bhckk288 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM2A     | BHCK6558    | HC-NM2A should not be null and should not be negative.   | bhck6558 ne null and bhck6558 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6702        | HC-NM2B     | BHCK6559    | If HC-NM2A (previous) is greater than zero and HC-NM2B (previous) is greater than zero and the sum of HC-NM2A (previous) and HC-NM2B (previous) is greater than \$1 million and HC-NM2B (current) is greater than zero, then the sum of HC-NM2A (current) and HC-NM2B (current) should be greater than zero. | if (bhck6558-q2 gt 0 and bhck6559-q2 gt 0) and (bhck6558-q2 + bhck6559-q2) gt 1000 and bhck2746-q1 gt 0 then (bhck6558-q1 + bhck6559-q1) gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM2B     | BHCK6559    | HC-NM2B should not be null and should not be negative.   | bhck6559 ne null and bhck6559 ge 0  |

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| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 6705        | HC-NM2C     | BHCK6560    | If the sum of HC-NM2A, HC-NM2B, and HC-NM2C is greater than \$1 million, then the sum of HC-NM2A, HC-NM2B, and HC-NM2C divided by HC-CM2 should not exceed tolerance of 50%.   | if bhck2746 ne 0 and (bhck6558 + bhck6559 + bhck6560) gt 1000 then ((bhck6558 + bhck6559 + bhck6560) / bhck2746) * 100 le 50   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM2C     | BHCK6560    | HC-NM2C should not be null and should not be negative.   | bhck6560 ne null and bhck6560 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM3A     | BHCK3508    | HC-NM3A should not be null and should not be negative.   | bhck3508 ne null and bhck3508 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM3B     | BHCK1912    | HC-NM3B should not be null and should not be negative.   | bhck1912 ne null and bhck1912 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM3C     | BHCK1913    | HC-NM3C should not be null and should not be negative.   | bhck1913 ne null and bhck1913 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM5aA    | BHCKC240    | HC-NM5aA should not be null and should not be negative.  | bhckc240 ne null and bhckc240 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6725        | HC-NM5aB    | BHCKC241    | If HC-NM5aA (previous) is greater than zero and HC-NM5aB (previous) is greater than zero and the sum of HC-NM5aA (previous) and HC-NM5aB (previous) is greater than \$1 million and HC-4a (current) is greater than zero, then the sum of HC-NM5aA (current) and HC-NM5aB (current) should be greater than zero. | if (bhckc240-q2 gt 0 and bhckc241-q2 gt 0) and (bhckc240-q2 + bhckc241-q2) gt 1000 and (bhck5369-q1 gt 0) then (bhckc240-q1 + bhckc241-q1) gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM5aB    | BHCKC241    | HC-NM5aB should not be null and should not be negative.  | bhckc241 ne null and bhckc241 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 6720        | HC-NM5aC    | BHCKC226    | If HC-4a is not equal to zero and the sum of HC-NM5aA, HC-NM5aB, and HC-NM5aC is greater than \$1 million, then the sum of HC-NM5aA, HC-NM5aB, and HC-NM5aC divided by HC-4a should not exceed tolerance of 50%.   | if bhck5369 ne 0 and (bhckc240 + bhckc241 + bhckc226) gt 1000 then ((bhckc240 + bhckc241 + bhckc226) / bhck5369) * 100 le 50   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM5aC    | BHCKC226    | HC-NM5aC should not be null and should not be negative.  | bhckc226 ne null and bhckc226 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0428        | HC-NM5b1A   | BHCKF664    | HC-NM5b1A should be less than or equal to the sum of HC-N1a1A through HC-N8bA.   | bhckf664 le (bhckf172 + bhckf173 + bhck3493 + bhck5398 + bhckc236 + bhckc238 + bhck3499 + bhckf178 + bhckf179 + bhckb572 + bhck5377 + bhck5380 + bhck1594 + bhck1606 + bhckb575 + bhckk213 + bhckk216 + bhck5389 + bhck5459 + bhckf166 + bhckf169) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9530        | HC-NM5b1A   | BHCKF664    | HC-NM5b1A should not be negative.  | bhckf664 ge 0 or bhckf664 eq null  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0429        | HC-NM5b1B   | BHCKF665    | HC-NM5b1B should be less than or equal to the sum of HC-N1a1B through HC-N8bB.   | bhckf665 le (bhckf174 + bhckf175 + bhck3494 + bhck5399 + bhckc237 + bhckc239 + bhck3500 + bhckf180 + bhckf181 + bhckb573 + bhck5378 + bhck5381 + bhck1597 + bhck1607 + bhckb576 + bhckk214 + bhckk217 + bhck5390 + bhck5460 + bhckf167 + bhckf170) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9530        | HC-NM5b1B   | BHCKF665    | HC-NM5b1B should not be negative.  | bhckf665 ge 0 or bhckf665 eq null  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-N     | Quality     | 0430        | HC-NM5b1C   | BHCKF666    | HC-NM5b1C should be less than or equal to the sum of HC-N1a1C through HC-N8bC.   | bhckf666 le (bhckf176 + bhckf177 + bhck3495 + bhck5400 + bhckc229 + bhckc230 + bhck3501 + bhckf182 + bhckf183 + bhckb574 + bhck5379 + bhck5382 + bhck1583 + bhck1608 + bhckb577 + bhckk215 + bhckk218 + bhck5391 + bhck5461 + bhckf168 + bhckf171) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9530        | HC-NM5b1C   | BHCKF666    | HC-NM5b1C should not be negative.  | bhckf666 ge 0 or bhckf666 eq null  |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test   | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9530        | HC-NM5b2A   | BHCKF667    | HC-NM5b2A should not be negative.   | bhckf667 ge 0 or bhckf667 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9530        | HC-NM5b2B   | BHCKF668    | HC-NM5b2B should not be negative.   | bhckf668 ge 0 or bhckf668 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9530        | HC-NM5b2C   | BHCKF669    | HC-NM5b2C should not be negative.   | bhckf669 ge 0 or bhckf669 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9530        | HC-NM6A     | BHCK3529    | HC-NM6A should not be negative.   | bhck3529 ge 0 or bhck3529 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6730        | HC-NM6B     | BHCK3530    | If HC-NM6A (previous) is greater than zero and HC-NM6B (previous) is greater than zero and the sum of HC-NM6A (previous) and HC-NM6B (previous) is greater than \$1 million, then the sum of HC-NM6A (current) and HC-NM6B (current) should be greater than zero. | if (bhck3529-q2 gt 0 and bhck3530-q2 gt 0) and (bhck3529-q2 + bhck3530-q2) gt 1000 then (bhck3529-q1 + bhck3530-q1) gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 6733        | HC-NM6B     | BHCK3530    | Sum of HC-NM6A and HC-NM6B should be less than or equal to 15% of the sum of HC-L14a1 and HC-L14b1 (columns A through D).   | (bhck3529 + bhck3530) le ((bhck8733 + bhck8734 + bhck8735 + bhck8736 + bhck8741 + bhck8742 + bhck8743 + bhck8744) * 0.15) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9530        | HC-NM6B     | BHCK3530    | HC-NM6B should not be negative.   | bhck3530 ge 0 or bhck3530 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Intraseries | 6757        | HC-NM7      | BHCKC410    | If HC-N10c (current minus previous) is greater than zero, then HC-NM7 should be greater than or equal to HC-N10c (current minus previous).  | if (bhck5526-q1 - bhck5526-q2) gt 0 then bhckc410 ge (bhck5526-q1 - bhck5526-q2)  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9540        | HC-NM7      | BHCKC410    | HC-NM7 should not be null and should not be negative.   | bhckc410 ne null and bhckc410 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-N     | Quality     | 9540        | HC-NM8      | BHCKC411    | HC-NM8 should not be null and should not be negative.   | bhckc411 ne null and bhckc411 ge 0  |
| FRY9C  | 20120630             | 99991231           | Added       | HC-N     | Quality     | 9540        | HC-NM9aA    | BHCKL183    | HC-NM9aA should not be null and should not be negative.   | bhckl183 ne null and bhckl183 ge 0  |
| FRY9C  | 20120630             | 99991231           | Added       | HC-N     | Quality     | 9540        | HC-NM9aB    | BHCKL184    | HC-NM9aB should not be null and should not be negative.   | bhckl184 ne null and bhckl184 ge 0  |
| FRY9C  | 20120630             | 99991231           | Added       | HC-N     | Quality     | 9540        | HC-NM9aC    | BHCKL185    | HC-NM9aC should not be null and should not be negative.   | bhckl185 ne null and bhckl185 ge 0  |
| FRY9C  | 20120630             | 99991231           | Added       | HC-C     | Quality     | 1009        | HC-NM9aC    | BHCKL185    | HC-CM5a should be greater than or equal to the sum of HC-NM9aA, HC-NM9aB, and HC-NM9aC.   | bhckc779 ge (bhckl183 + bhckl184 + bhckl185)  |
| FRY9C  | 20120630             | 99991231           | Added       | HC-N     | Quality     | 1000        | HC-NM9bA    | BHCKL186    | HC-NM9aA should be greater than or equal to HC-NM9bA.   | bhckl183 ge bhckl186  |
| FRY9C  | 20120630             | 99991231           | Added       | HC-N     | Quality     | 1006        | HC-NM9bA    | BHCKL186    | If HC-NM9aA is greater than 0, then HC-NM9bA should be greater than 0.  | if bhckl183 gt 0 then bhckl186 gt 0   |
| FRY9C  | 20120630             | 99991231           | Added       | HC-N     | Quality     | 9540        | HC-NM9bA    | BHCKL186    | HC-NM9bA should not be null and should not be negative.   | bhckl186 ne null and bhckl186 ge 0  |
| FRY9C  | 20120630             | 99991231           | Added       | HC-N     | Quality     | 1001        | HC-NM9bB    | BHCKL187    | HC-NM9aB should be greater than or equal to HC-NM9bB.   | bhckl184 ge bhckl187  |
| FRY9C  | 20120630             | 99991231           | Added       | HC-N     | Quality     | 1007        | HC-NM9bB    | BHCKL187    | If HC-NM9aB is greater than 0, then HC-NM9bB should be greater than 0.  | if bhckl184 gt 0 then bhckl187 gt 0   |
| FRY9C  | 20120630             | 99991231           | Added       | HC-N     | Quality     | 9540        | HC-NM9bB    | BHCKL187    | HC-NM9bB should not be null and should not be negative.   | bhckl187 ne null and bhckl187 ge 0  |
| FRY9C  | 20120630             | 99991231           | Added       | HC-N     | Quality     | 1002        | HC-NM9bC    | BHCKL188    | HC-NM9aC should be greater than or equal to HC-NM9bC.   | bhckl185 ge bhckl188  |
| FRY9C  | 20120630             | 99991231           | Added       | HC-N     | Quality     | 1008        | HC-NM9bC    | BHCKL188    | If HC-NM9aC is greater than 0, then HC-NM9bC should be greater than 0.  | if bhckl185 gt 0 then bhckl188 gt 0   |
| FRY9C  | 20120630             | 99991231           | Added       | HC-N     | Quality     | 9540        | HC-NM9bC    | BHCKL188    | HC-NM9bC should not be null and should not be negative.   | bhckl188 ne null and bhckl188 ge 0  |
| FRY9C  | 20120630             | 99991231           | Added       | HC-C     | Quality     | 1010        | HC-NM9bC    | BHCKL188    | HC-CM5b should be greater than or equal to the sum of HC-NM9bA, HC-NM9bB, and HC-NM9bC.   | bhckc780 ge (bhckl186 + bhckl187 + bhckl188)  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Intraseries | 6760        | HC-P1a      | BHCKF066    | If HC-12 (previous calendar year June) is greater than or equal to \$1 billion, then HC-P1a should be greater than or equal to zero. | if (mm-q1 eq 03 and bhck2170-q4 ge 1000000) then bhckf066-q1 ge 0 or if (mm-q1 eq 06 and bhck2170-q5 ge 1000000) then bhckf066-q1 ge 0 or if (mm-q1 eq 09 and bhck2170-q6 ge 1000000) then bhckf066-q1 ge 0 or if (mm-q1 eq 12 and bhck2170-q7 ge 1000000) then bhckf066-q1 ge 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P1a      | BHCKF066    | HC-P1a should not be negative.   | bhckf066 ge 0 or bhckf066 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Intraseries | 6762        | HC-P1b      | BHCKF067    | If HC-12 (previous calendar year June) is greater than or equal to \$1 billion, then HC-P1b should be greater than or equal to zero. | if (mm-q1 eq 03 and bhck2170-q4 ge 1000000) then bhckf067-q1 ge 0 or if (mm-q1 eq 06 and bhck2170-q5 ge 1000000) then bhckf067-q1 ge 0 or if (mm-q1 eq 09 and bhck2170-q6 ge 1000000) then bhckf067-q1 ge 0 or if (mm-q1 eq 12 and bhck2170-q7 ge 1000000) then bhckf067-q1 ge 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P1b      | BHCKF067    | HC-P1b should not be negative.   | bhckf067 ge 0 or bhckf067 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P1c1     | BHDMF670    | HC-P1c1 should not be negative.  | bhdmf670 ge 0 or bhdmf670 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P1c2     | BHDMF671    | HC-P1c2 should not be negative.  | bhdmf671 ge 0 or bhdmf671 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Intraseries | 6763        | HC-P2a      | BHCKF068    | If HC-12 (previous calendar year June) is greater than or equal to \$1 billion, then HC-P2a should be greater than or equal to zero. | if (mm-q1 eq 03 and bhck2170-q4 ge 1000000) then bhckf068-q1 ge 0 or if (mm-q1 eq 06 and bhck2170-q5 ge 1000000) then bhckf068-q1 ge 0 or if (mm-q1 eq 09 and bhck2170-q6 ge 1000000) then bhckf068-q1 ge 0 or if (mm-q1 eq 12 and bhck2170-q7 ge 1000000) then bhckf068-q1 ge 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P2a      | BHCKF068    | HC-P2a should not be negative.   | bhckf068 ge 0 or bhckf068 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Intraseries | 6764        | HC-P2b      | BHCKF069    | If HC-12 (previous calendar year June) is greater than or equal to \$1 billion, then HC-P2b should be greater than or equal to zero. | if (mm-q1 eq 03 and bhck2170-q4 ge 1000000) then bhckf069-q1 ge 0 or if (mm-q1 eq 06 and bhck2170-q5 ge 1000000) then bhckf069-q1 ge 0 or if (mm-q1 eq 09 and bhck2170-q6 ge 1000000) then bhckf069-q1 ge 0 or if (mm-q1 eq 12 and bhck2170-q7 ge 1000000) then bhckf069-q1 ge 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P2b      | BHCKF069    | HC-P2b should not be negative.   | bhckf069 ge 0 or bhckf069 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P2c1     | BHDMF672    | HC-P2c1 should not be negative.  | bhdmf672 ge 0 or bhdmf672 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P2c2     | BHDMF673    | HC-P2c2 should not be negative.  | bhdmf673 ge 0 or bhdmf673 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Intraseries | 6766        | HC-P3a      | BHCKF070    | If HC-12 (previous calendar year June) is greater than or equal to \$1 billion, then HC-P3a should be greater than or equal to zero. | if (mm-q1 eq 03 and bhck2170-q4 ge 1000000) then bhckf070-q1 ge 0 or if (mm-q1 eq 06 and bhck2170-q5 ge 1000000) then bhckf070-q1 ge 0 or if (mm-q1 eq 09 and bhck2170-q6 ge 1000000) then bhckf070-q1 ge 0 or if (mm-q1 eq 12 and bhck2170-q7 ge 1000000) then bhckf070-q1 ge 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P3a      | BHCKF070    | HC-P3a should not be negative.   | bhckf070 ge 0 or bhckf070 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Intraseries | 6767        | HC-P3b      | BHCKF071    | If HC-12 (previous calendar year June) is greater than or equal to \$1 billion, then HC-P3b should be greater than or equal to zero. | if (mm-q1 eq 03 and bhck2170-q4 ge 1000000) then bhckf071-q1 ge 0 or if (mm-q1 eq 06 and bhck2170-q5 ge 1000000) then bhckf071-q1 ge 0 or if (mm-q1 eq 09 and bhck2170-q6 ge 1000000) then bhckf071-q1 ge 0 or if (mm-q1 eq 12 and bhck2170-q7 ge 1000000) then bhckf071-q1 ge 0 |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P3b      | BHCKF071    | HC-P3b should not be negative.  | bhckf071 ge 0 or bhckf071 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P3c1     | BHDMF674    | HC-P3c1 should not be negative.   | bhdmf674 ge 0 or bhdmf674 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P3c2     | BHDMF675    | HC-P3c2 should not be negative.   | bhdmf675 ge 0 or bhdmf675 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Intraseries | 6768        | HC-P4a      | BHCKF072    | If HC-12 (previous calendar year June) is greater than or equal to \$1 billion, then HC-P4a should be greater than or equal to zero.  | if (mm-q1 eq 03 and bhck2170-q4 ge 1000000) then bhckf072-q1 ge 0 or if (mm-q1 eq 06 and bhck2170-q5 ge 1000000) then bhckf072-q1 ge 0 or if (mm-q1 eq 09 and bhck2170-q6 ge 1000000) then bhckf072-q1 ge 0 or if (mm-q1 eq 12 and bhck2170-q7 ge 1000000) then bhckf072-q1 ge 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P4a      | BHCKF072    | HC-P4a should not be negative.  | bhckf072 ge 0 or bhckf072 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Intraseries | 0062        | HC-P4b      | BHCKF073    | HC-P4b (current) should be within 95% and 100% of (HC-P4b (previous) + (HC-P1b (current) + HC-P2b (current) - HC-P3b (current))).   | (bhckf073-q1 le (bhckf073-q2 + (bhckf067-q1 + bhckf069-q1 - bhckf071-q1)) and (bhckf073-q1 ge (0.95 * (bhckf073-q2 + (bhckf067-q1 + bhckf069-q1 - bhckf071-q1))))  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Intraseries | 6769        | HC-P4b      | BHCKF073    | If HC-12 (previous calendar year June) is greater than or equal to \$1 billion, then HC-P4b should be greater than or equal to zero.  | if (mm-q1 eq 03 and bhck2170-q4 ge 1000000) then bhckf073-q1 ge 0 or if (mm-q1 eq 06 and bhck2170-q5 ge 1000000) then bhckf073-q1 ge 0 or if (mm-q1 eq 09 and bhck2170-q6 ge 1000000) then bhckf073-q1 ge 0 or if (mm-q1 eq 12 and bhck2170-q7 ge 1000000) then bhckf073-q1 ge 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P4b      | BHCKF073    | HC-P4b should not be negative.  | bhckf073 ge 0 or bhckf073 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P4c1     | BHDMF676    | HC-P4c1 should not be negative.   | bhdmf676 ge 0 or bhdmf676 eq null  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-P     | Quality     | 0212        | HC-P4c2     | BHDMF677    | Sum of HC-C1c1B and HC-D6a3aB should be greater than or equal to the sum of HC-P4c1 and HC-P4c2.  | (bhdm1797 + bhdmf606) ge (bhdmf676 + bhdmf677)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P4c2     | BHDMF677    | HC-P4c2 should not be negative.   | bhdmf677 ge 0 or bhdmf677 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 0052        | HC-P5b      | BHDMF560    | For March, sum of HC-P5a and HC-P5b should be less than or equal to the sum of HI-5f, HI-5g, and HI-5i.   | if (mm-q1 eq 03) then ((bhckf184 + bhdmf560) le (bhckb492 + bhckb493 + bhck8560))  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Intraseries | 0053        | HC-P5b      | BHDMF560    | For June, September and December, sum of HC-P5a (current) and HC-P5b (current) should be less than or equal to the sum of HI-5f, HI-5g, and HI-5i (current minus previous). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then ((bhckf184-q1 + bhdmf560-q1) le (bhckb492-q1 + bhckb493-q1 + bhck8560-q1) - (bhckb492-q2 + bhckb493-q2 + bhck8560-q2))   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P6a      | BHDMF678    | HC-P6a should not be negative.  | bhdmf678 ge 0 or bhdmf678 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P6b      | BHDMF679    | HC-P6b should not be negative.  | bhdmf679 ge 0 or bhdmf679 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P6c1     | BHDMF680    | HC-P6c1 should not be negative.   | bhdmf680 ge 0 or bhdmf680 eq null  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P6c2     | BHDMF681    | HC-P6c2 should not be negative.   | bhdmf681 ge 0 or bhdmf681 eq null  |
| FRY9C  | 20120630             | 99991231           | Added       | HC-P     | Quality     | 9550        | HC-P7a      | BHCKL191    | HC-P7a should not be negative.  | bhckl191 ge 0 or bhckl191 eq null  |
| FRY9C  | 20120630             | 99991231           | Added       | HC-P     | Quality     | 9550        | HC-P7b      | BHCKL192    | HC-P7b should not be negative.  | bhckl192 ge 0 or bhckl192 eq null  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Intraseries | 0156        | HC-Q1A      | BHCY1773    | If HC-Q1A (previous) is not equal to zero or null, then HC-Q1A (current) should not equal zero or null.   | if ((bhcy1773-q2 ne 0) and (bhcy1773-q2 ne null)) then ((bhcy1773-q1 ne 0) and (bhcy1773-q1 ne null))  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q1A      | BHCY1773    | HC-Q1A should not be null.  | bhcy1773 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q1B      | BHCKG474    | HC-Q1B should not be null.  | bhckg474 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q1C      | BHCKG475    | HC-Q1C should not be null.  | bhckg475 ne null   |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|--|
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q1D      | BHCKG476    | HC-Q1D should not be null.   | bhckg476 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q1E      | BHCKG477    | HC-Q1E should not be null.   | bhckg477 ne null   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Intraseries | 0157        | HC-Q2A      | BHCKG478    | If HC-Q2A (previous) is not equal to zero or null, then HC-Q2A (current) should not equal zero or null.                        | if ((bhckg478-q2 ne 0) and (bhckg478-q2 ne null)) then ((bhckg478-q1 ne 0) and (bhckg478-q1 ne null))                |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q2A      | BHCKG478    | HC-Q2A should not be null.   | bhckg478 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q2B      | BHCKG479    | HC-Q2B should not be null.   | bhckg479 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q2C      | BHCKG480    | HC-Q2C should not be null.   | bhckg480 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q2D      | BHCKG481    | HC-Q2D should not be null.   | bhckg481 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q2E      | BHCKG482    | HC-Q2E should not be null.   | bhckg482 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Intraseries | 0338        | HC-Q3A      | BHCKG483    | If HC-Q3A (previous) is not equal to zero or null, then HC-Q3A (current) should not equal zero or null.                        | if ((bhckg483-q2 ne 0) and (bhckg483-q2 ne null)) then ((bhckg483-q1 ne 0) and (bhckg483-q1 ne null))                |
| FRY9C  | 20110331             | 99991231           | Added       | HC-Q     | Quality     | 0445        | HC-Q3A      | BHCKG483    | HC-Q3A should be less than or equal to HC-4a.  | bhckg483 le bhck5369   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q3A      | BHCKG483    | HC-Q3A should not be null.   | bhckg483 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q3B      | BHCKG484    | HC-Q3B should not be null.   | bhckg484 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q3C      | BHCKG485    | HC-Q3C should not be null.   | bhckg485 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q3D      | BHCKG486    | HC-Q3D should not be null.   | bhckg486 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q3E      | BHCKG487    | HC-Q3E should not be null.   | bhckg487 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Intraseries | 0339        | HC-Q4A      | BHCKG488    | If HC-Q4A (previous) is not equal to zero or null, then HC-Q4A (current) should not equal zero or null.                        | if ((bhckg488-q2 ne 0) and (bhckg488-q2 ne null)) then ((bhckg488-q1 ne 0) and (bhckg488-q1 ne null))                |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-Q     | Quality     | 0392        | HC-Q4A      | BHCKG488    | If the sum of HC-CM10aA through HC-CM10dA is greater than zero, then the sum of HC-Q3A and HC-Q4A should be greater than zero. | if (bhckf608 + bhckf585 + bhckf586 + bhckf587 + bhckk196 + bhckk208 + bhckf589) gt 0 then (bhckg483 + bhckg488) gt 0 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-Q     | Quality     | 0446        | HC-Q4A      | BHCKG488    | HC-Q4A should be less than or equal to HC-4b.  | bhckg488 le bhckb528   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q4A      | BHCKG488    | HC-Q4A should not be null.   | bhckg488 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q4B      | BHCKG489    | HC-Q4B should not be null.   | bhckg489 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q4C      | BHCKG490    | HC-Q4C should not be null.   | bhckg490 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q4D      | BHCKG491    | HC-Q4D should not be null.   | bhckg491 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q4E      | BHCKG492    | HC-Q4E should not be null.   | bhckg492 ne null   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Intraseries | 0161        | HC-Q5aA     | BHCT3543    | If HC-Q5aA (previous) is not equal to zero or not null, then HC-Q5aA (current) should not be zero or null.                     | if ((bhct3543-q2 ne 0) and (bhct3543-q2 ne null)) then ((bhct3543-q1 ne 0) and (bhct3543-q1 ne null)).               |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q5aA     | BHCT3543    | HC-Q5aA should not be null.  | bhct3543 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q5aB     | BHCKG493    | HC-Q5aB should not be null.  | bhckg493 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q5aC     | BHCKG494    | HC-Q5aC should not be null.  | bhckg494 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q5aD     | BHCKG495    | HC-Q5aD should not be null.  | bhckg495 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q5aE     | BHCKG496    | HC-Q5aE should not be null.  | bhckg496 ne null   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Quality     | 0068        | HC-Q5b1A    | BHCKF240    | HC-Q5b1A should be less than or equal to HC-Q5bA.  | bhckf240 le bhckg497   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Intraseries | 0158        | HC-Q5b1A    | BHCKF240    | If HC-Q5b1A (previous) is not equal to zero or null, then HC-Q5b1A (current) should not equal zero or null.                    | if ((bhckf240-q2 ne 0) and (bhckf240-q2 ne null)) then ((bhckf240-q1 ne 0) and (bhckf240-q1 ne null))                |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q5b1A    | BHCKF240    | HC-Q5b1A should not be null.   | bhckf240 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q5b1B    | BHCKF684    | HC-Q5b1B should not be null.   | bhckf684 ne null   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Quality     | 0222        | HC-Q5b1C    | BHCKF692    | HC-Q5b1C should be less than or equal to HC-Q5bC.  | bhckf692 le bhckg499   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q5b1C    | BHCKF692    | HC-Q5b1C should not be null.   | bhckf692 ne null   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Quality     | 0069        | HC-Q5b1D    | BHCKF241    | HC-Q5b1D should be less than or equal to HC-Q5bD.  | bhckf241 le bhckg500   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q5b1D    | BHCKF241    | HC-Q5b1D should not be null.   | bhckf241 ne null   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Quality     | 0070        | HC-Q5b1E    | BHCKF242    | HC-Q5b1E should be less than or equal to HC-Q5bE.  | bhckf242 le bhckg501   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q5b1E    | BHCKF242    | HC-Q5b1E should not be null.   | bhckf242 ne null   |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|--|
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Quality     | 0063        | HC-Q5bA     | BHCKG497    | Sum of HC-Q5aA and HC-Q5bA should equal HC-5.  | (bhct3543 + bhckg497) eq bhck3545  |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Quality     | 0065        | HC-Q5bA     | BHCKG497    | If HC-Q5b1A is not equal to zero or null, then HC-Q5bA should not equal zero or null.                        | if (bhckf240 ne 0 and bhckf240 ne null) then (bhckg497 ne 0 and bhckg497 ne null)                      |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Intraseries | 0341        | HC-Q5bA     | BHCKG497    | If HC-Q5bA (previous) is not equal to zero or not null, then HC-Q5bA (current) should not be zero or null.   | if ((bhckg497-q2 ne 0) and (bhckg497-q2 ne null)) then ((bhckg497-q1 ne 0) and (bhckg497-q1 ne null)). |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q5bA     | BHCKG497    | HC-Q5bA should not be null.  | bhckg497 ne null   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Quality     | 0223        | HC-Q5bB     | BHCKG498    | If HC-Q5b1B is not equal to zero or null, then HC-Q5bB should not equal zero or null.                        | if (bhckf684 ne 0 and bhckf684 ne null) then (bhckg498 ne 0 and bhckg498 ne null)                      |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q5bB     | BHCKG498    | HC-Q5bB should not be null.  | bhckg498 ne null   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Quality     | 0224        | HC-Q5bC     | BHCKG499    | If HC-Q5b1C is not equal to zero or null, then HC-Q5bC should not equal zero or null.                        | if (bhckf692 ne 0 and bhckf692 ne null) then (bhckg499 ne 0 and bhckg499 ne null)                      |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q5bC     | BHCKG499    | HC-Q5bC should not be null.  | bhckg499 ne null   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Quality     | 0066        | HC-Q5bD     | BHCKG500    | If HC-Q5b1D is not equal to zero or null, then HC-Q5bD should not equal zero or null.                        | if (bhckf241 ne 0 and bhckf241 ne null) then (bhckg500 ne 0 and bhckg500 ne null)                      |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q5bD     | BHCKG500    | HC-Q5bD should not be null.  | bhckg500 ne null   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Quality     | 0067        | HC-Q5bE     | BHCKG501    | If HC-Q5b1E is not equal to zero or null, then HC-Q5bE should not equal zero or null.                        | if (bhckf242 ne 0 and bhckf242 ne null) then (bhckg501 ne 0 and bhckg501 ne null)                      |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q5bE     | BHCKG501    | HC-Q5bE should not be null.  | bhckg501 ne null   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Intraseries | 0159        | HC-Q6A      | BHCKG391    | If HC-Q6A (previous) is not equal to zero or null, then HC-Q6A (current) should not equal zero or null.      | if ((bhckg391-q2 ne 0) and (bhckg391-q2 ne null)) then ((bhckg391-q1 ne 0) and (bhckg391-q1 ne null))  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 0379        | HC-Q6A      | BHCKG391    | Sum of HC-QM1aA, HC-QM1bA, HC-QM1cA, HC-QM1dA, HC-QM1eA and HC-QM1fA should be less than or equal to HC-Q6A. | (bhckg536 + bhckg541 + bhckg546 + bhckg551 + bhckg556 + bhckg561) le bhckg391                          |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q6A      | BHCKG391    | HC-Q6A should not be null.   | bhckg391 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q6B      | BHCKG392    | HC-Q6B should not be null.   | bhckg392 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 0380        | HC-Q6C      | BHCKG395    | Sum of HC-QM1aC, HC-QM1bC, HC-QM1cC, HC-QM1dC, HC-QM1eC and HC-QM1fC should be less than or equal to HC-Q6C. | (bhckg538 + bhckg543 + bhckg548 + bhckg553 + bhckg558 + bhckg563) le bhckg395                          |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q6C      | BHCKG395    | HC-Q6C should not be null.   | bhckg395 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 0381        | HC-Q6D      | BHCKG396    | Sum of HC-QM1aD, HC-QM1bD, HC-QM1cD, HC-QM1dD, HC-QM1eD and HC-QM1fD should be less than or equal to HC-Q6D. | (bhckg539 + bhckg544 + bhckg549 + bhckg554 + bhckg559 + bhckg564) le bhckg396                          |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q6D      | BHCKG396    | HC-Q6D should not be null.   | bhckg396 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 0382        | HC-Q6E      | BHCKG804    | Sum of HC-QM1aE, HC-QM1bE, HC-QM1cE, HC-QM1dE, HC-QM1eE and HC-QM1fE should be less than or equal to HC-Q6E. | (bhckg540 + bhckg545 + bhckg550 + bhckg555 + bhckg560 + bhckg565) le bhckg804                          |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q6E      | BHCKG804    | HC-Q6E should not be null.   | bhckg804 ne null   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Intraseries | 0163        | HC-Q7A      | BHCKG502    | If HC-Q7A (previous) is not equal to zero or not null, then HC-Q7A (current) should not be zero or null.     | if ((bhckg502-q2 ne 0) and (bhckg502-q2 ne null)) then ((bhckg502-q1 ne 0) and (bhckg502-q1 ne null)). |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q7A      | BHCKG502    | HC-Q7A should not be null.   | bhckg502 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q7B      | BHCKG503    | HC-Q7B should not be null.   | bhckg503 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q7C      | BHCKG504    | HC-Q7C should not be null.   | bhckg504 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q7D      | BHCKG505    | HC-Q7D should not be null.   | bhckg505 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q7E      | BHCKG506    | HC-Q7E should not be null.   | bhckg506 ne null   |
| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Intraseries | 0160        | HC-Q8A      | BHCKF252    | If HC-Q8A (previous) is not equal to zero or not null, then HC-Q8A (current) should not be zero or null.     | if ((bhckf252-q2 ne 0) and (bhckf252-q2 ne null)) then ((bhckf252-q1 ne 0) and (bhckf252-q1 ne null)). |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q8A      | BHCKF252    | HC-Q8A should not be null.   | bhckf252 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q8B      | BHCKF686    | HC-Q8B should not be null.   | bhckf686 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q8C      | BHCKF694    | HC-Q8C should not be null.   | bhckf694 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q8D      | BHCKF253    | HC-Q8D should not be null.   | bhckf253 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q8E      | BHCKF254    | HC-Q8E should not be null.   | bhckf254 ne null   |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|---|
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Intraseries | 0342        | HC-Q9A      | BHCKG507    | If HC-Q9A (previous) is not equal to zero or not null, then HC-Q9A (current) should not be zero or null.   | if ((bhckg507-q2 ne 0) and (bhckg507-q2 ne null)) then ((bhckg507-q1 ne 0) and (bhckg507-q1 ne null)).  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q9A      | BHCKG507    | HC-Q9A should not be null.   | bhckg507 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q9B      | BHCKG508    | HC-Q9B should not be null.   | bhckg508 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q9C      | BHCKG509    | HC-Q9C should not be null.   | bhckg509 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q9D      | BHCKG510    | HC-Q9D should not be null.   | bhckg510 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q9E      | BHCKG511    | HC-Q9E should not be null.   | bhckg511 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Intraseries | 0343        | HC-Q10aA    | BHCT3547    | If HC-Q10aA (previous) is not equal to zero or not null, then HC-Q10aA (current) should not be zero or null.   | if ((bhct3547-q2 ne 0) and (bhct3547-q2 ne null)) then ((bhct3547-q1 ne 0) and (bhct3547-q1 ne null)).  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q10aA    | BHCT3547    | HC-Q10aA should not be null.   | bhct3547 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q10aB    | BHCKG512    | HC-Q10aB should not be null.   | bhckg512 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q10aC    | BHCKG513    | HC-Q10aC should not be null.   | bhckg513 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q10aD    | BHCKG514    | HC-Q10aD should not be null.   | bhckg514 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q10aE    | BHCKG515    | HC-Q10aE should not be null.   | bhckg515 ne null  |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-Q     | Quality     | 0064        | HC-Q10bA    | BHCKG516    | Sum of HC-Q10aA and HC-Q10bA should equal HC-15.   | (bhct3547 + bhckg516) eq bhck3548   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Intraseries | 0344        | HC-Q10bA    | BHCKG516    | If HC-Q10bA (previous) is not equal to zero or not null, then HC-Q10bA (current) should not be zero or null.   | if ((bhckg516-q2 ne 0) and (bhckg516-q2 ne null)) then ((bhckg516-q1 ne 0) and (bhckg516-q1 ne null)).  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q10bA    | BHCKG516    | HC-Q10bA should not be null.   | bhckg516 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q10bB    | BHCKG517    | HC-Q10bB should not be null.   | bhckg517 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q10bC    | BHCKG518    | HC-Q10bC should not be null.   | bhckg518 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q10bD    | BHCKG519    | HC-Q10bD should not be null.   | bhckg519 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q10bE    | BHCKG520    | HC-Q10bE should not be null.   | bhckg520 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Intraseries | 0345        | HC-Q11A     | BHCKG521    | If HC-Q11A (previous) is not equal to zero or not null, then HC-Q11A (current) should not be zero or null.   | if ((bhckg521-q2 ne 0) and (bhckg521-q2 ne null)) then ((bhckg521-q1 ne 0) and (bhckg521-q1 ne null)).  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q11A     | BHCKG521    | HC-Q11A should not be null.  | bhckg521 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q11B     | BHCKG522    | HC-Q11B should not be null.  | bhckg522 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q11C     | BHCKG523    | HC-Q11C should not be null.  | bhckg523 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q11D     | BHCKG524    | HC-Q11D should not be null.  | bhckg524 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q11E     | BHCKG525    | HC-Q11E should not be null.  | bhckg525 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Intraseries | 0346        | HC-Q12A     | BHCKG526    | If HC-Q12A (previous) is not equal to zero or not null, then HC-Q12A (current) should not be zero or null.   | if ((bhckg526-q2 ne 0) and (bhckg526-q2 ne null)) then ((bhckg526-q1 ne 0) and (bhckg526-q1 ne null)).  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q12A     | BHCKG526    | HC-Q12A should not be null.  | bhckg526 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q12B     | BHCKG527    | HC-Q12B should not be null.  | bhckg527 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q12C     | BHCKG528    | HC-Q12C should not be null.  | bhckg528 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q12D     | BHCKG529    | HC-Q12D should not be null.  | bhckg529 ne null  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q12E     | BHCKG530    | HC-Q12E should not be null.  | bhckg530 ne null  |
| FRY9C  | 20110331             | 99991231           | Revised     | HC-Q     | Quality     | 0073        | HC-Q13A     | BHCKG805    | If HI-Mem6f is not equal to zero or null, then HC-Q1A, HC-Q2A, HC-Q3A, HC-Q4A, HC-Q5b1A, HC-Q6A, HC-Q8A, HC-Q9A, HC-Q11A, HC-Q12A, or HC-Q13A should not equal zero or null. | if (bhckf229 ne 0 and bhckf229 ne null) then ((bhcy1773 ne 0 and bhcy1773 ne null) or (bhckg478 ne 0 and bhckg478 ne null) or (bhckg483 ne 0 and bhckg483 ne null) or (bhckg488 ne 0 and bhckg488 ne null) or (bhckf240 ne 0 and bhckf240 ne null) or (bhckg391 ne 0 and bhckg391 ne null) or (bhckf252 ne 0 and bhckf252 ne null) or (bhckg507 ne 0 and bhckg507 ne null) or (bhckg521 ne 0 and bhckg521 ne null) or (bhckg526 ne 0 and bhckg526 ne null) or (bhckg805 ne 0 and bhckg805 ne null)) |

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| FRY9C  | 20090630             | 99991231           | Revised     | HC-Q     | Intraseries | 0162        | HC-Q13A     | BHCKG805    | If HC-Q13A (previous) is not equal to zero or not null, then HC-Q13A (current) should not be zero or null.    | if ((bhckg805-q2 ne 0) and (bhckg805-q2 ne null)) then ((bhckg805-q1 ne 0) and (bhckg805-q1 ne null)).         |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 0383        | HC-Q13A     | BHCKG805    | Sum of HC-QM2aA, HC-QM2bA, HC-QM2cA, HC-QM2dA, HC-QM2eA and HC-QM2fA should be less than or equal to HC-Q13A. | (bhckf261 + bhckg566 + bhckg571 + bhckg576 + bhckg581 + bhckg586) le bhckg805                                  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q13A     | BHCKG805    | HC-Q13A should not be null.   | bhckg805 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q13B     | BHCKG806    | HC-Q13B should not be null.   | bhckg806 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 0384        | HC-Q13C     | BHCKG807    | Sum of HC-QM2aC, HC-QM2bC, HC-QM2cC, HC-QM2dC, HC-QM2eC and HC-QM2fC should be less than or equal to HC-Q13C. | (bhckf697 + bhckg568 + bhckg573 + bhckg578 + bhckg583 + bhckg588) le bhckg807                                  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q13C     | BHCKG807    | HC-Q13C should not be null.   | bhckg807 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 0385        | HC-Q13D     | BHCKG808    | Sum of HC-QM2aD, HC-QM2bD, HC-QM2cD, HC-QM2dD, HC-QM2eD and HC-QM2fD should be less than or equal to HC-Q13D. | (bhckf262 + bhckg569 + bhckg574 + bhckg579 + bhckg584 + bhckg589) le bhckg808                                  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q13D     | BHCKG808    | HC-Q13D should not be null.   | bhckg808 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 0386        | HC-Q13E     | BHCKG809    | Sum of HC-QM2aE, HC-QM2bE, HC-QM2cE, HC-QM2dE, HC-QM2eE and HC-QM2fE should be less than or equal to HC-Q13E. | (bhckf263 + bhckg570 + bhckg575 + bhckg580 + bhckg585 + bhckg590) le bhckg809                                  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q13E     | BHCKG809    | HC-Q13E should not be null.   | bhckg809 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Intraseries | 0347        | HC-Q14A     | BHCKG531    | If HC-Q14A (previous) is not equal to zero or not null, then HC-Q14A (current) should not be zero or null.    | if ((bhckg531-q2 ne 0) and (bhckg531-q2 ne null)) then ((bhckg531-q1 ne 0) and (bhckg531-q1 ne null)).         |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q14A     | BHCKG531    | HC-Q14A should not be null.   | bhckg531 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q14B     | BHCKG532    | HC-Q14B should not be null.   | bhckg532 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q14C     | BHCKG533    | HC-Q14C should not be null.   | bhckg533 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q14D     | BHCKG534    | HC-Q14D should not be null.   | bhckg534 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 9555        | HC-Q14E     | BHCKG535    | HC-Q14E should not be null.   | bhckg535 ne null   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 0355        | HC-QM1cA    | BHCKG546    | If financial data is not equal to null or zero, then text data should not equal null.                         | if bhckg546 ne null and bhckg546 ne 0 then bhtxg546 ne null  |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-Q     | Quality     | 0356        | HC-QM1cTX   | BHTXG546    | If text data is not equal to null, then financial data should not equal null or zero.                         | if bhtxg546 ne null then bhckg546 ne null and bhckg546 ne 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 0357        | HC-QM1dA    | BHCKG551    | If financial data is not equal to null or zero, then text data should not equal null.                         | if bhckg551 ne null and bhckg551 ne 0 then bhtxg551 ne null  |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-Q     | Quality     | 0358        | HC-QM1dTX   | BHTXG551    | If text data is not equal to null, then financial data should not equal null or zero.                         | if bhtxg551 ne null then bhckg551 ne null and bhckg551 ne 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 0359        | HC-QM1eA    | BHCKG556    | If financial data is not equal to null or zero, then text data should not equal null.                         | if bhckg556 ne null and bhckg556 ne 0 then bhtxg556 ne null  |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-Q     | Quality     | 0360        | HC-QM1eTX   | BHTXG556    | If text data is not equal to null, then financial data should not equal null or zero.                         | if bhtxg556 ne null then bhckg556 ne null and bhckg556 ne 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 0361        | HC-QM1fA    | BHCKG561    | If financial data is not equal to null or zero, then text data should not equal null.                         | if bhckg561 ne null and bhckg561 ne 0 then bhtxg561 ne null  |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-Q     | Quality     | 0362        | HC-QM1fTX   | BHTXG561    | If text data is not equal to null, then financial data should not equal null or zero.                         | if bhtxg561 ne null then bhckg561 ne null and bhckg561 ne 0  |
| FRY9C  | 20100331             | 99991231           | Revised     | HC-Q     | Quality     | 0213        | HC-QM2aA    | BHCKF261    | HC-QM2aA should be less than or equal to the sum of HC-L1a through HC-L1c1 and HC-L1c2 through HC-L1e3.       | bhckf261 le (bhck3814 + bhckj455 + bhckj456 + bhck3816 + bhck6550 + bhck3817 + bhckj457 + bhckj458 + bhckj459) |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 0363        | HC-QM2cA    | BHCKG571    | If financial data is not equal to null or zero, then text data should not equal null.                         | if bhckg571 ne null and bhckg571 ne 0 then bhtxg571 ne null  |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-Q     | Quality     | 0364        | HC-QM2cTX   | BHTXG571    | If text data is not equal to null, then financial data should not equal null or zero.                         | if bhtxg571 ne null then bhckg571 ne null and bhckg571 ne 0  |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality     | 0365        | HC-QM2dA    | BHCKG576    | If financial data is not equal to null or zero, then text data should not equal null.                         | if bhckg576 ne null and bhckg576 ne 0 then bhtxg576 ne null  |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-Q     | Quality     | 0366        | HC-QM2dTX   | BHTXG576    | If text data is not equal to null, then financial data should not equal null or zero.                         | if bhtxg576 ne null then bhckg576 ne null and bhckg576 ne 0  |

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| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality   | 0367        | HC-QM2eA    | BHCKG581    | If financial data is not equal to null or zero, then text data should not equal null.   | if bhckg581 ne null and bhckg581 ne 0 then bhtxg581 ne null   |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-Q     | Quality   | 0368        | HC-QM2eTX   | BHTXG581    | If text data is not equal to null, then financial data should not equal null or zero.   | if bhtxg581 ne null then bhckg581 ne null and bhckg581 ne 0   |
| FRY9C  | 20090630             | 99991231           | Added       | HC-Q     | Quality   | 0369        | HC-QM2fA    | BHCKG586    | If financial data is not equal to null or zero, then text data should not equal null.   | if bhckg586 ne null and bhckg586 ne 0 then bhtxg586 ne null   |
| FRY9C  | 20110630             | 99991231           | Revised     | HC-Q     | Quality   | 0370        | HC-QM2fTX   | BHTXG586    | If text data is not equal to null, then financial data should not equal null or zero.   | if bhtxg586 ne null then bhckg586 ne null and bhckg586 ne 0   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 6770        | HC-R2       | BHCK8434    | For BHCs only, if the absolute value of HC-B8D minus HC-B8C is greater than \$50K, then HC-R2 should not equal zero.  | for BHCs only if (bhct1773 - bhck1772) gt 50 or (bhct1773 - bhck1772) * -1 gt 50 then bhck8434 ne 0   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 6772        | HC-R2       | BHCK8434    | For BHCs only, if HI-Mem13 equals 0 (no) and the absolute value of HC-B8D minus HC-B8C is greater than \$250K, then HC-B8D minus HC-B8C should not equal HC-R2                                    | for BHCs only if bhcka530 eq 0 and (((bhct1773 - bhck1772) gt 250) or ((bhck1772 - bhct1773) gt 250)) then (bhct1773 - bhck1772) ne bhck8434  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 6774        | HC-R2       | BHCK8434    | For BHCs only, if the absolute value of [HC-R2 plus (HC-B8C minus HC-B8D)] is greater than \$100k then the sum of HC-F2 and HC-G2 should be greater than zero.                                    | for BHCs only if (((bhck8434 + bhck1772 - bhct1773) gt 100) or ((bhck8434 + bhck1772 - bhct1773) lt -100)) then ((bhck2148 + bhck3049) gt 0)  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 6776        | HC-R3       | BHCKA221    | For BHCs only, if HC-B7C minus HC-B7D is greater than \$100K, then HC-R3 divided by the difference of HC-B7C and HC-B7D should be greater than or equal to 55%.                                   | for BHCs only if (bhcka510 - bhcka511 gt 100) then (bhcka221/(bhcka510 - bhcka511))*100 ge 55   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R3       | BHCKA221    | For BHCs only, HC-R3 should not be negative.  | for BHCs only bhcka221 ge 0 or bhcka221 eq null   |
| FRY9C  | 20120331             | 99991231           | Added       | HC-R     | Quality   | 0550        | HC-R3       | BHCKA221    | For BHCs only, If HC-B7C minus HC-B7D is greater than \$10 thousand, then HC-R3 should be greater than zero.  | For BHCs only, if (bhcka510 - bhcka511) gt 10 then bhcka221 gt 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 6778        | HC-R4       | BHCK4336    | For BHCs only, sum of HC-R2 and HC-R4 should be less than or equal to HC-26b. (+10K)  | for BHCs only (bhck8434 + bhck4336) le (bhckb530 + 10)  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R5       | BHCKB588    | For BHCs only, HC-R5 should not be negative.  | for BHCs only bhckb588 ge 0 or bhckb588 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 0535        | HC-R6b      | BHCKG215    | For BHCs only, if HI-M13 is equal to zero, then HC-R6b should equal the sum of HC-RM8a, HC-RM8b and HC-RM8d.  | for BHCs only if bhcka530 eq 0 then bhckg215 eq (bhckg219 + bhckg220 + bhckc502)  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 6780        | HC-R7a      | BHCKB590    | For BHCs only, if HC-R7a minus the sum of HC-10a and HC-M12c is less than -\$100k or greater than \$100k, then HC-R7a divided by the sum of HC-10a and HC-M12c should be in the range of 85-105%. | for BHCs only if (bhckb590 - (bhck3163 + bhck5507) lt -100) or (bhckb590 - (bhck3163 + bhck5507) gt 100) then (bhck3163 + bhck5507) ne 0 and (bhckb590 / (bhck3163 + bhck5507) * 100) ge 85 and (bhckb590 / (bhck3163 + bhck5507) * 100) le 105   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R7a      | BHCKB590    | For BHCs only, HC-R7a should not be negative.   | for BHCs only bhckb590 ge 0 or bhckb590 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 0071        | HC-R7b      | BHCKF264    | For BHCs only, if HC-R7b not equal to zero or null, then HC-Q8A, HC-Q9A, HC-Q10aA, HC-Q10bA, HC-Q11A, HC-Q12A, HC-Q13A, or HC-Q14A should not equal zero or null.                                 | for BHCs only if (bhckf264 ne 0 and bhckf264 ne null) then ((bhckf252 ne 0 and bhckf252 ne null) or (bhckg507 ne 0 and bhckg507 ne null) or (bhct3547 ne 0 and bhct3547 ne null) or (bhckg516 ne 0 and bhckg516 ne null) or (bhckg521 ne 0 and bhckg521 ne null) or (bhckg526 ne 0 and bhckg526 ne null) or (bhckg805 ne 0 and bhckg805 ne null) or (bhckg531 ne 0 and bhckg531 ne null)) |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R8       | BHCKC227    | For BHCs only, HC-R8 should not be negative.  | for BHCs only bhckc227 ge 0 or bhckc227 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R9a      | BHCKB591    | For BHCs only, HC-R9a should not be negative.   | for BHCs only bhckb591 ge 0 or bhckb591 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 6785        | HC-R9b      | BHCK5610    | For BHCs only, HC-R9b should be less than or equal to HC-F2 (+200k).  | for BHCs only bhck5610 le (bhck2148 + 200)  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R9b      | BHCK5610    | For BHCs only, HC-R9b should not be negative.   | for BHCs only bhck5610 ge 0 or bhck5610 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 6790        | HC-R11      | BHCK8274    | For BHCs only, HC-R11 should be greater than zero.  | for BHCs only bhck8274 gt 0   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 0540        | HC-R12      | BHCKG217    | For BHCs only, if HC-R12 is not equal to zero, then HC-R12 should be less than or equal to HC-R11 multiplied by .5 (+\$2k).       | for BHCs only if bhckg217 ne 0 then bhckg217 le ((bhck8274 * .5) + 2)   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6800        | HC-R12      | BHCKG217    | For BHCs only, if HC-R12 is greater than zero, then HC-R12 should be less than or equal to the sum of HC-19a and HC-19b.          | for BHCs only if bhckg217 gt 0 then bhckg217 le (bhck4062 + bhckc699)   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R12      | BHCKG217    | For BHCs only, HC-R12 should not be negative.   | for BHCs only bhckg217 ge 0 or bhckg217 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6816        | HC-R13      | BHCKG218    | For BHCs only, HC-R13 should be less than or equal to HC-23.  | for BHCs only bhckg218 le bhck3283  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R13      | BHCKG218    | For BHCs only, HC-R13 should not be negative.   | for BHCs only bhckg218 ge 0 or bhckg218 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6817        | HC-R14      | BHCK5310    | For BHCs only, HC-R14 should be less than or equal to 1.25% of HC-R59 (+10k).   | for BHCs only bhck5310 le ((bhckb704 * .0125) + 10)   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6821        | HC-R14      | BHCK5310    | For BHCs only, HC-R14 should be less than or equal to the sum of HC-4c minus HI-B(II)Mem1 plus HC-G3.                             | for BHCs only bhck5310 le (bhck3123 - bhckc435 + bhckb557)  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R14      | BHCK5310    | For BHCs only, HC-R14 should not be negative.   | for BHCs only bhck5310 ge 0 or bhck5310 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6824        | HC-R15      | BHCK2221    | For BHCs only, if HC-B7D is greater than HC-B7C, then HC-R15 should be less than or equal to 45% of (HC-B7D minus HC-B7C) (+10k). | for BHCs only if bhcka511 gt bhcka510 then bhck2221 le (.45 * (bhcka511 - bhcka510) + 10)   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6826        | HC-R15      | BHCK2221    | For BHCs only, if HC-B7C is greater than HC-B7D, then HC-R15 should be equal to zero.   | for BHCs only if bhcka510 gt bhcka511 then bhck2221 eq 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R15      | BHCK2221    | For BHCs only, HC-R15 should not be negative.   | for BHCs only bhck2221 ge 0 or bhck2221 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R17      | BHCK5311    | For BHCs only, HC-R17 should not be negative.   | for BHCs only bhck5311 ge 0 or bhck5311 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R18      | BHCK8275    | For BHCs only, HC-R18 should not be negative.   | for BHCs only bhck8275 ge 0 or bhck8275 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6830        | HC-R19      | BHCK1395    | For BHCs only, HC-R19 should be less than or equal to HC-19a.   | for BHCs only bhck1395 le bhck4062  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Intraseries | 6845        | HC-R19      | BHCK1395    | For BHCs only, if HC-R19 (previous) is equal to zero, then HC-R19 (current) should equal zero.                                    | for BHCs only if bhck1395-q2 eq 0 then bhck1395-q1 eq 0   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R19      | BHCK1395    | For BHCs only, HC-R19 should not be negative.   | for BHCs only bhck1395 ge 0 or bhck1395 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Intraseries | 6850        | HC-R20      | BHCKB595    | For BHCs only, HC-R20 (previous minus current) should be less than or equal to \$100k.  | for BHCs only (bhckb595-q2 - bhckb595-q1) le 100  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R20      | BHCKB595    | For BHCs only, HC-R20 should not be negative.   | for BHCs only bhckb595 ge 0 or bhckb595 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R21      | BHCK3792    | For BHCs only, HC-R21 should not be negative.   | for BHCs only bhck3792 ge 0 or bhck3792 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R22      | BHCT3368    | For BHCs only, HC-R22 should not be negative.   | for BHCs only bhct3368 ge 0 or bhct3368 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R23      | BHCTB590    | For BHCs only, HC-R23 should not be negative.   | for BHCs only bhctb590 ge 0 or bhctb590 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R24      | BHCTB591    | For BHCs only, HC-R24 should not be negative.   | for BHCs only bhctb591 ge 0 or bhctb591 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R25      | BHCT5610    | For BHCs only, HC-R25 should not be negative.   | for BHCs only bhct5610 ge 0 or bhct5610 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R27      | BHCKA224    | For BHCs only, HC-R27 should not be negative.   | for BHCs only bhcka224 ge 0 or bhcka224 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6880        | HC-R31      | BHCK7204    | For BHCs only, if HC-R27 does not equal zero, then HC-R31 should equal HC-R11 divided by HC-R27 (+/- .1%).                        | for BHCs only if bhcka224 ne 0 then (bhck7204 le ((bhck8274 / bhcka224) * 100) + .1) and (bhck7204 ge ((bhck8274 / bhcka224) * 100) - .1) |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R31      | BHCK7204    | For BHCs only, HC-R31 should not be negative.   | for BHCs only bhck7204 ge 0 or bhck7204 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6885        | HC-R32      | BHCK7206    | For BHCs only, if HC-R62 does not equal zero, then HC-R32 should equal HC-R11 divided by HC-R62 (+/- .1%).                        | for BHCs only if bhcka223 ne 0 then (bhck7206 le ((bhck8274 / bhcka223) * 100) + .1) and (bhck7206 ge ((bhck8274 / bhcka223) * 100) - .1) |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R32      | BHCK7206    | For BHCs only, HC-R32 should not be negative.   | for BHCs only bhck7206 ge 0 or bhck7206 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6890        | HC-R33      | BHCK7205    | For BHCs only, if HC-R62 does not equal zero, then HC-R33 should equal HC-R21 divided by HC-R62 (+/- .1%).                        | for BHCs only if bhcka223 ne 0 then (bhck7205 le ((bhck3792 / bhcka223) * 100) + .1) and (bhck7205 ge ((bhck3792 / bhcka223) * 100) - .1) |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R33      | BHCK7205    | For BHCs only, HC-R33 should not be negative.   | for BHCs only bhck7205 ge 0 or bhck7205 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R34A     | BHCK0010    | For BHCs only, HC-R34A should not be negative.  | for BHCs only bhck0010 ge 0 or bhck0010 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6894        | HC-R34B     | BHCE0010    | For BHCs only, if the sum of HC-1b1 and HC-1b2 is equal to zero, then HC-R34B should equal zero.                                  | for BHCs only if (bhck0395 + bhck0397) eq 0 then bhce0010 eq 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6896        | HC-R34C     | BHC00010    | For BHCs only, HC-R34C should not exceed 98 percent of HC-R34A.   | for BHCs only bhck00010 le (bhck0010 * 0.98)  |

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| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R34C     | BHC00010    | For BHCs only, HC-R34C should not be negative.   | for BHCs only bhc00010 ge 0 or bhc00010 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R34D     | BHC20010    | For BHCs only, HC-R34D should not be negative.   | for BHCs only bhc20010 ge 0 or bhc20010 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R34F     | BHC90010    | For BHCs only, HC-R34F should not be negative.   | for BHCs only bhc90010 ge 0 or bhc90010 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R35A     | BHCX1754    | For BHCs only, HC-R35A should not be negative.   | for BHCs only bhcx1754 ge 0 or bhcx1754 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 6898        | HC-R35C     | BHC01754    | For BHCs only, HC-R35C should be less than or equal to the sum of HC-B1A, HC-B2aA, HC-B4a1A, HC-B4b1A, HC-B4c1aA and HC-B4c2aA.  | for BHCs only bhc01754 le (bhck0211 + bhck1289 + bhckg300 + bhckg312 + bhckk142 + bhckk150)  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R35C     | BHC01754    | For BHCs only, HC-R35C should not be negative.   | for BHCs only bhc01754 ge 0 or bhc01754 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R35D     | BHC21754    | For BHCs only, HC-R35D should not be negative.   | for BHCs only bhc21754 ge 0 or bhc21754 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R35E     | BHC51754    | For BHCs only, HC-R35E should not be negative.   | for BHCs only bhc51754 ge 0 or bhc51754 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R35F     | BHC91754    | For BHCs only, HC-R35F should not be negative.   | for BHCs only bhc91754 ge 0 or bhc91754 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R36A     | BHCX1773    | For BHCs only, HC-R36A should not be negative.   | for BHCs only bhcx1773 ge 0 or bhcx1773 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 6900        | HC-R36B     | BHCE1773    | For BHCs only, if HC-B7D is greater than HC-B7C, then the sum of HC-R15 plus HC-R36B should equal HC-B8D minus HC-B8C (+/-100k).   | for BHCs only if (bhcka511 gt bhcka510) then (((bhck2221 + bhce1773) le ((bhct1773 - bhck1772) + 100)) and ((bhck2221 + bhce1773) ge ((bhct1773 - bhck1772) - 100))) |
| FRY9C  | 20120930             | 99991231           | Added       | HC-R     | Quality   | 6903        | HC-R36C     | BHC01773    | For BHCs only, sum of HC-B1C, HC-B2aC, HC-B4a1C, HC-B4b1C, HC-B4c1aC, and HC-B4c2aC should be greater than or equal to HC-R36C.  | for BHCs only (bhck1286 + bhck1291 + bhckg302 + bhckg314 + bhckk144 + bhckk152) ge bhc01773  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R36C     | BHC01773    | For BHCs only, HC-R36C should not be negative.   | for BHCs only bhc01773 ge 0 or bhc01773 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R36D     | BHC21773    | For BHCs only, HC-R36D should not be negative.   | for BHCs only bhc21773 ge 0 or bhc21773 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R36E     | BHC51773    | For BHCs only, HC-R36E should not be negative.   | for BHCs only bhc51773 ge 0 or bhc51773 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R36F     | BHC91773    | For BHCs only, HC-R36F should not be negative.   | for BHCs only bhc91773 ge 0 or bhc91773 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R37A     | BHCKC225    | For BHCs only, HC-R37A should not be negative.   | for BHCs only bhckc225 ge 0 or bhckc225 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R37C     | BHC0C225    | For BHCs only, HC-R37C should not be negative.   | for BHCs only bhc0c225 ge 0 or bhc0c225 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R37D     | BHC2C225    | For BHCs only, HC-R37D should not be negative.   | for BHCs only bhc2c225 ge 0 or bhc2c225 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R37F     | BHC9C225    | For BHCs only, HC-R37F should not be negative.   | for BHCs only bhc9c225 ge 0 or bhc9c225 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R38A     | BHCT5369    | For BHCs only, HC-R38A should not be negative.   | for BHCs only bhct5369 ge 0 or bhct5369 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R38C     | BHC05369    | For BHCs only, HC-R38C should not be negative.   | for BHCs only bhc05369 ge 0 or bhc05369 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R38D     | BHC25369    | For BHCs only, HC-R38D should not be negative.   | for BHCs only bhc25369 ge 0 or bhc25369 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R38E     | BHC55369    | For BHCs only, HC-R38E should not be negative.   | for BHCs only bhc55369 ge 0 or bhc55369 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R38F     | BHC95369    | For BHCs only, HC-R38F should not be negative.   | for BHCs only bhc95369 ge 0 or bhc95369 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R39A     | BHCTB528    | For BHCs only, HC-R39A should not be negative.   | for BHCs only bhctb528 ge 0 or bhctb528 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 6910        | HC-R39B     | BHCEB528    | For BHCs only, sum of HC-R35B, HC-R38B and HC-R39B should be less than or equal to \$100k.   | for BHCs only (bhcb1754 + bhce5369 + bhceb528) le 100  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 6915        | HC-R39C     | BHC0B528    | For BHCs only, if the sum of HC-C3A, HC-C4aA and HC-C4bA does not equal zero, then HC-R39C divided by the sum of HC-C3A, HC-C4aA and HC-C4bA should not exceed the tolerance of 60%. | for BHCs only if (bhck1590 + bhck1763 + bhck1764) ne 0 then ((bhc0b528 / (bhck1590 + bhck1763 + bhck1764)) * 100) le 60  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R39C     | BHC0B528    | For BHCs only, HC-R39C should not be negative.   | for BHCs only bhc0b528 ge 0 or bhc0b528 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R39D     | BHC2B528    | For BHCs only, HC-R39D should not be negative.   | for BHCs only bhc2b528 ge 0 or bhc2b528 eq null  |
| FRY9C  | 20120930             | 99991231           | Revised     | HC-R     | Quality   | 6916        | HC-R39E     | BHC5B528    | For BHCs only, sum of HC-R38E and HC-R39E should be less than or equal to the sum of HC-C1c2aB, HC-C1dB, and 50% of (HC-C1a1B, HC-C1a2B, HC-C1c1B).                                  | for BHCs only (bhcs5369 + bhcs528) le ((bhdm5367 + bhdm1460) + (0.50 * (bhckf158 + bhckf159 + bhdm179)))   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R39E     | BHC5B528    | For BHCs only, HC-R39E should not be negative.   | for BHCs only bhc5b528 ge 0 or bhc5b528 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R39F     | BHC9B528    | For BHCs only, HC-R39F should not be negative.   | for BHCs only bhc9b528 ge 0 or bhc9b528 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R40A     | BHCX3123    | For BHCs only, HC-R40A should not be negative.   | for BHCs only bhcx3123 ge 0 or bhcx3123 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R41A     | BHCX3545    | For BHCs only, HC-R41A should not be negative.   | for BHCs only bhcx3545 ge 0 or bhcx3545 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R41C     | BHC03545    | For BHCs only, HC-R41C should not be negative.   | for BHCs only bhc03545 ge 0 or bhc03545 eq null  |
| FRY9C  | 20120930             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R41D     | BHC23545    | For BHCs only, HC-R41D should not be negative.   | for BHCs only bhc23545 ge 0 or bhc23545 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R41E     | BHC53545    | For BHCs only, HC-R41E should not be negative.   | for BHCs only bhc53545 ge 0 or bhc53545 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R41F     | BHC93545    | For BHCs only, HC-R41F should not be negative.   | for BHCs only bhc93545 ge 0 or bhc93545 eq null  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-R42A     | BHCKB639    | For BHCs only, HC-R42A should not be negative.   | for BHCs only bhckb639 ge 0 or bhckb639 eq null  |

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| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6919        | HC-R42B     | BHCEB639    | For BHCs only, if HC-8 is greater than zero and HC-19b is greater than zero, then HC-R42B should not equal zero.   | for BHCs only if (bhck2130 gt 0 and bhckc699 gt 0) then bhceb639 ne 0                                   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6920        | HC-R42B     | BHCEB639    | For BHCs only, if the sum of HC-R7a, HC-R9a, and HC-R9b does not equal zero, then HC-R42B should not equal zero.   | for BHCs only if (bhckb590 + bhckb591 + bhck5610) ne 0 then bhceb639 ne 0                               |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R42C     | BHC0B639    | For BHCs only, HC-R42C should not be negative.   | for BHCs only bhc0b639 ge 0 or bhc0b639 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R42D     | BHC2B639    | For BHCs only, HC-R42D should not be negative.   | for BHCs only bhc2b639 ge 0 or bhc2b639 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R42E     | BHC5B639    | For BHCs only, HC-R42E should not be negative.   | for BHCs only bhc5b639 ge 0 or bhc5b639 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6921        | HC-R42F     | BHC9B639    | For BHCs only, if the sum of HC-F5a through HC-F5c is greater than zero, then HC-R42F should be greater than zero.   | for BHCs only if (bhckk201 + bhckk202 + bhckk270) gt 0 then bhc9b639 gt 0                               |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R42F     | BHC9B639    | For BHCs only, HC-R42F should not be negative.   | for BHCs only bhc9b639 ge 0 or bhc9b639 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R43A     | BHCT2170    | For BHCs only, HC-R43A should not be negative.   | for BHCs only bhct2170 ge 0 or bhct2170 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R43C     | BHC02170    | For BHCs only, HC-R43C should not be negative.   | for BHCs only bhc02170 ge 0 or bhc02170 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R43D     | BHC22170    | For BHCs only, HC-R43D should not be negative.   | for BHCs only bhc22170 ge 0 or bhc22170 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R43E     | BHC52170    | For BHCs only, HC-R43E should not be negative.   | for BHCs only bhc52170 ge 0 or bhc52170 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R43F     | BHC92170    | For BHCs only, HC-R43F should not be negative.   | for BHCs only bhc92170 ge 0 or bhc92170 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6925        | HC-R44A     | BHCKB546    | For BHCs only, HC-R44A should be greater than or equal to HC-L2 (minus \$10k) and less than or equal to (HC-L2 times 2 plus \$10k).  | for BHCs only bhckb546 ge (bhck6566 - 10) and bhckb546 le ((bhck6566*2) + 10)                           |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R44A     | BHCKB546    | For BHCs only, HC-R44A should not be negative.   | for BHCs only bhckb546 ge 0 or bhckb546 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6930        | HC-R44B     | BHCEB546    | For BHCs only, HC-R44B should be greater than or equal to HC-R44A.   | for BHCs only bhceb546 ge bhckb546  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R44B     | BHCEB546    | For BHCs only, HC-R44B should not be negative.   | for BHCs only bhceb546 ge 0 or bhceb546 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R44C     | BHC0B546    | For BHCs only, HC-R44C should not be negative.   | for BHCs only bhc0b546 ge 0 or bhc0b546 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R44D     | BHC2B546    | For BHCs only, HC-R44D should not be negative.   | for BHCs only bhc2b546 ge 0 or bhc2b546 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R44E     | BHC5B546    | For BHCs only, HC-R44E should not be negative.   | for BHCs only bhc5b546 ge 0 or bhc5b546 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R44F     | BHC9B546    | For BHCs only, HC-R44F should not be negative.   | for BHCs only bhc9b546 ge 0 or bhc9b546 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R45A     | BHCT6570    | For BHCs only, HC-R45A should not be negative.   | for BHCs only bhct6570 ge 0 or bhct6570 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R45B     | BHCE6570    | For BHCs only, HC-R45B should not be negative.   | for BHCs only bhce6570 ge 0 or bhce6570 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R45C     | BHC06570    | For BHCs only, HC-R45C should not be negative.   | for BHCs only bhc06570 ge 0 or bhc06570 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R45D     | BHC26570    | For BHCs only, HC-R45D should not be negative.   | for BHCs only bhc26570 ge 0 or bhc26570 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Intraseries | 6940        | HC-R45E     | BHC56570    | For BHCs only, if HC-R45B (previous) minus HC-R45E (previous) is greater than \$1 thousand and HC-R45E (current) is greater than \$25 thousand, then HC-R45E (current) should not equal HC-R45B (current). | for BHCs only if (bhce6570-q2 - bhc56570-q2) gt 1 and bhc56570-q1 gt 25 then bhc56570-q1 ne bhce6570-q1 |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R45E     | BHC56570    | For BHCs only, HC-R45E should not be negative.   | for BHCs only bhc56570 ge 0 or bhc56570 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R45F     | BHC96570    | For BHCs only, HC-R45F should not be negative.   | for BHCs only bhc96570 ge 0 or bhc96570 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R46A     | BHCT3411    | For BHCs only, HC-R46A should not be negative.   | for BHCs only bhct3411 ge 0 or bhct3411 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R46B     | BHCE3411    | For BHCs only, HC-R46B should not be negative.   | for BHCs only bhce3411 ge 0 or bhce3411 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R46C     | BHC03411    | For BHCs only, HC-R46C should not be negative.   | for BHCs only bhc03411 ge 0 or bhc03411 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R46D     | BHC23411    | For BHCs only, HC-R46D should not be negative.   | for BHCs only bhc23411 ge 0 or bhc23411 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R46E     | BHC53411    | For BHCs only, HC-R46E should not be negative.   | for BHCs only bhc53411 ge 0 or bhc53411 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R46F     | BHC93411    | For BHCs only, HC-R46F should not be negative.   | for BHCs only bhc93411 ge 0 or bhc93411 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R47A     | BHCK3429    | For BHCs only, HC-R47A should not be negative.   | for BHCs only bhck3429 ge 0 or bhck3429 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R47B     | BHCE3429    | For BHCs only, HC-R47B should not be negative.   | for BHCs only bhce3429 ge 0 or bhce3429 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R47C     | BHC03429    | For BHCs only, HC-R47C should not be negative.   | for BHCs only bhc03429 ge 0 or bhc03429 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R47D     | BHC23429    | For BHCs only, HC-R47D should not be negative.   | for BHCs only bhc23429 ge 0 or bhc23429 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R47F     | BHC93429    | For BHCs only, HC-R47F should not be negative.   | for BHCs only bhc93429 ge 0 or bhc93429 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R48A     | BHCT3433    | For BHCs only, HC-R48A should not be negative.   | for BHCs only bhct3433 ge 0 or bhct3433 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R48B     | BHCE3433    | For BHCs only, HC-R48B should not be negative.   | for BHCs only bhce3433 ge 0 or bhce3433 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R48C     | BHC03433    | For BHCs only, HC-R48C should not be negative.   | for BHCs only bhc03433 ge 0 or bhc03433 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R48D     | BHC23433    | For BHCs only, HC-R48D should not be negative.   | for BHCs only bhc23433 ge 0 or bhc23433 eq null   |

Quality (Q) and Intraseries (I) Edits for the FR Y-9C  
(Effective as of September 30, 2012)

| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|---|
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R48E     | BHC53433    | For BHCs only, HC-R48E should not be negative.   | for BHCs only bhc53433 ge 0 or bhc53433 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R48F     | BHC93433    | For BHCs only, HC-R48F should not be negative.   | for BHCs only bhc93433 ge 0 or bhc93433 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R49A     | BHCTA250    | For BHCs only, HC-R49A should not be negative.   | for BHCs only bhcta250 ge 0 or bhcta250 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R49B     | BHCEA250    | For BHCs only, HC-R49B should not be negative.   | for BHCs only bhcea250 ge 0 or bhcea250 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R49C     | BHC0A250    | For BHCs only, HC-R49C should not be negative.   | for BHCs only bhc0a250 ge 0 or bhc0a250 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R49D     | BHC2A250    | For BHCs only, HC-R49D should not be negative.   | for BHCs only bhc2a250 ge 0 or bhc2a250 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R49E     | BHC5A250    | For BHCs only, HC-R49E should not be negative.   | for BHCs only bhc5a250 ge 0 or bhc5a250 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R49F     | BHC9A250    | For BHCs only, HC-R49F should not be negative.   | for BHCs only bhc9a250 ge 0 or bhc9a250 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6943        | HC-R50A     | BHCKB541    | For BHCs only, if HC-R50B is greater than zero, then HC-R50A should be greater than zero.  | for BHCs only if bhceb541 gt 0 then bhckb541 gt 0   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R50A     | BHCKB541    | For BHCs only, HC-R50A should not be negative.   | for BHCs only bhckb541 ge 0 or bhckb541 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 0395        | HC-R50B     | BHCEB541    | For BHCs only, if HC-R50A is greater than zero and HC-R50B is greater than zero, then HC-R50B divided by HC-R50A should be greater than or equal to 5 and HC-R50B divided by HC-R50A should be less than or equal to 13. | for BHCs only if (bhckb541 gt 0 and bhceb541 gt 0) then (bhceb541 / bhckb541) ge 5 and (bhceb541 / bhckb541) le 13  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 0447        | HC-R50B     | BHCEB541    | For BHCs only, if HC-R50A is greater than \$50k, then HC-R50B should be greater than zero.   | for BHCs only if bhckb541 gt 50 then bhceb541 gt 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R50B     | BHCEB541    | For BHCs only, HC-R50B should not be negative.   | for BHCs only bhceb541 ge 0 or bhceb541 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R50F     | BHC9B541    | For BHCs only, HC-R50F should not be negative.   | for BHCs only bhc9b541 ge 0 or bhc9b541 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6950        | HC-R51A     | BHCKB675    | For BHCs only, if the sum HC-S1A through HC-S1G plus HC-S11A through HC-S11G is greater than zero, then the sum of HC-R50A and HC-R51A should be greater than or equal to zero.  | for BHCs only if (bhckb705 + bhckb706 + bhckb707 + bhckb708 + bhckb709 + bhckb710 + bhckb711 + bhckb790 + bhckb791 + bhckb792 + bhckb793 + bhckb794 + bhckb795 + bhckb796) gt 0 then (bhckb541 + bhckb675) ge 0           |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6955        | HC-R51A     | BHCKB675    | For BHCs only, if the sum of HC-S1A through HC-S1G plus HC-S11A through HC-S11G equals zero, then the sum of HC-R50A and HC-R51A should equal zero.  | for BHCs only if (bhckb705 + bhckb706 + bhckb707 + bhckb708 + bhckb709 + bhckb710 + bhckb711 + bhckb790 + bhckb791 + bhckb792 + bhckb793 + bhckb794 + bhckb795 + bhckb796) eq 0 then (bhckb541 + bhckb675) eq 0           |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6958        | HC-R51A     | BHCKB675    | For BHCs only, if the sum of HC-S12 (columns A through G) is greater than \$30 thousand, then the sum of (HC-R49A, HC-R50A, and HC-R51A) should be greater than or equal to the sum of HC-S12 (columns A through G).     | for BHCs only if (bhckb797 + bhckb798 + bhckb799 + bhckb800 + bhckb801 + bhckb802 + bhckb803) gt 30 then (bhcta250 + bhckb541 + bhckb675) ge (bhckb797 + bhckb798 + bhckb799 + bhckb800 + bhckb801 + bhckb802 + bhckb803) |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R51A     | BHCKB675    | For BHCs only, HC-R51A should not be negative.   | for BHCs only bhckb675 ge 0 or bhckb675 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R51B     | BHCEB675    | For BHCs only, HC-R51B should not be negative.   | for BHCs only bhceb675 ge 0 or bhceb675 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R51C     | BHC0B675    | For BHCs only, HC-R51C should not be negative.   | for BHCs only bhc0b675 ge 0 or bhc0b675 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R51D     | BHC2B675    | For BHCs only, HC-R51D should not be negative.   | for BHCs only bhc2b675 ge 0 or bhc2b675 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R51E     | BHC5B675    | For BHCs only, HC-R51E should not be negative.   | for BHCs only bhc5b675 ge 0 or bhc5b675 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R51F     | BHC9B675    | For BHCs only, HC-R51F should not be negative.   | for BHCs only bhc9b675 ge 0 or bhc9b675 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R52A     | BHCKB681    | For BHCs only, HC-R52A should not be negative.   | for BHCs only bhckb681 ge 0 or bhckb681 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R52B     | BHCEB681    | For BHCs only, HC-R52B should not be negative.   | for BHCs only bhceb681 ge 0 or bhceb681 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R52C     | BHC0B681    | For BHCs only, HC-R52C should not be negative.   | for BHCs only bhc0b681 ge 0 or bhc0b681 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R52D     | BHC2B681    | For BHCs only, HC-R52D should not be negative.   | for BHCs only bhc2b681 ge 0 or bhc2b681 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R52E     | BHC5B681    | For BHCs only, HC-R52E should not be negative.   | for BHCs only bhc5b681 ge 0 or bhc5b681 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R52F     | BHC9B681    | For BHCs only, HC-R52F should not be negative.   | for BHCs only bhc9b681 ge 0 or bhc9b681 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Intraseries | 6960        | HC-R53aA    | BHCK6572    | For BHCs only, if HC-R53aA (previous) is greater than \$500 thousand, then HC-R53aA (current) should be within 50% and 200% of HC-R53aA (previous).  | for BHCs only if bhck6572-q2 gt 500 then ((bhck6572-q1 / bhck6572-q2) ge 0.50 and (bhck6572-q1 / bhck6572-q2) le 2)   |

Quality (Q) and Intraseries (I) Edits for the FR Y-9C  
(Effective as of September 30, 2012)

| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test   | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Intraseries | 6963        | HC-R53aA    | BHCK6572    | For BHCs only, if HC-12 (current) is greater than \$1 billion and HC-R53aA (previous) is greater than \$1 million and the sum of HC-L1a through HC-L1c1 (current) and HC-L1c2 through HC-L1e3 (current) is greater than \$500 thousand, then HC-R53aA (current) divided by HC-R53aA (previous) should be greater than or equal to 50%.  | for BHCs only if bhck2170-q1 gt 1000000 and bhck6572-q2 gt 1000 and (bhck3814-q1 + bhckj455-q1 + bhckj456-q1 + bhck3816-q1 + bhck6550-q1 + bhck3817-q1 + bhckj457-q1 + bhckj458-q1 + bhckj459-q1) gt 500 then (bhck6572-q1 / bhck6572-q2) * 100 ge 50   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Intraseries | 6965        | HC-R53aA    | BHCK6572    | For BHCs only, if HC-R53aA (previous) is greater than zero, and sum of HC-L1a through HC-L1c1 (current) and HC-L1c2 through HC-L1e3 (current) is greater than zero, then HC-R53aA (current) should be greater than zero.  | for BHCs only if bhck6572-q2 gt 0 and (bhck3814-q1 + bhckj455-q1 + bhckj456-q1 + bhck3816-q1 + bhck6550-q1 + bhck3817-q1 + bhckj457-q1 + bhckj458-q1 + bhckj459-q1) gt 0 then bhck6572-q1 gt 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6970        | HC-R53aA    | BHCK6572    | For BHCs only, HC-R53aA should be less than or equal to the sum of HC-L1a through HC-L1c1 and HC-L1c2 through HC-L1e3 (+\$10K).   | for BHCs only bhck6572 le (bhck3814 + bhckj455 + bhckj456 + bhck3816 + bhck6550 + bhck3817 + bhckj457 + bhckj458 + bhckj459) + 10   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R53aA    | BHCK6572    | For BHCs only, HC-R53aA should not be negative.   | for BHCs only bhck6572 ge 0 or bhck6572 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R53aB    | BHCE6572    | For BHCs only, HC-R53aB should not be negative.   | for BHCs only bhce6572 ge 0 or bhce6572 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R53aC    | BHC06572    | For BHCs only, HC-R53aC should not be negative.   | for BHCs only bhc06572 ge 0 or bhc06572 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R53aD    | BHC26572    | For BHCs only, HC-R53aD should not be negative.   | for BHCs only bhc26572 ge 0 or bhc26572 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Intraseries | 6976        | HC-R53aE    | BHC56572    | For BHCs only, if HC-R53aB (previous) minus HC-R53aE (previous) is greater than \$1 thousand and HC-R53aE (current) is greater than \$25 thousand, then HC-R53aE (current) should not equal HC-R53aB (current).   | for BHCs only if (bhce6572-q2 - bhck56572-q2) gt 1 and bhck56572-q1 gt 25 then bhck56572-q1 ne bhce6572-q1  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R53aE    | BHC56572    | For BHCs only, HC-R53aE should not be negative.   | for BHCs only bhck56572 ge 0 or bhck56572 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R53aF    | BHC96572    | For BHCs only, HC-R53aF should not be negative.   | for BHCs only bhck96572 ge 0 or bhck96572 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R53bA    | BHCKG591    | For BHCs only, HC-R53bA should not be negative.   | for BHCs only bhckg591 ge 0 or bhckg591 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R53bB    | BHCEG591    | For BHCs only, HC-R53bB should not be negative.   | for BHCs only bhceg591 ge 0 or bhceg591 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R53bC    | BHC0G591    | For BHCs only, HC-R53bC should not be negative.   | for BHCs only bhck0g591 ge 0 or bhck0g591 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R53bD    | BHC2G591    | For BHCs only, HC-R53bD should not be negative.   | for BHCs only bhck2g591 ge 0 or bhck2g591 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R53bE    | BHC5G591    | For BHCs only, HC-R53bE should not be negative.   | for BHCs only bhck5g591 ge 0 or bhck5g591 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R53bF    | BHC9G591    | For BHCs only, HC-R53bF should not be negative.   | for BHCs only bhck9g591 ge 0 or bhck9g591 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6977        | HC-R54B     | BHCEA167    | For BHCs only, if HC-RM1 is greater than zero, then HC-R54B should be greater than zero.  | for BHCs only if bhck8764 gt 0 then bhcea167 gt 0   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 6978        | HC-R54B     | BHCEA167    | For BHCs only, HC-R54B should be between 40% and 100% of the sum of [HC-RM1 and (HC-RM2aB multiplied by .005) and (HC-RM2aC multiplied by .015) and (HC-RM2bA multiplied by .01) and (HC-RM2bB multiplied by .05) and (HC-RM2bC multiplied by .075) and (HC-RM2cA multiplied by .01) and (HC-RM2cB multiplied by .05) and (HC-RM2cC multiplied by .075) and (HC-RM2dA multiplied by .07) and (HC-RM2dB multiplied by .07) and (HC-RM2dC multiplied by .08) and (HC-RM2eA multiplied by .1) and (HC-RM2eB multiplied by .12) and (HC-RM2eC multiplied by .15) and (HC-RM2fA multiplied by .06) and (HC-RM2fB multiplied by .08) and (HC-RM2fC multiplied by .1)]. (+/-10K) | for BHCs only bhcea167 ge .40 *(( bhck8764 + (bhck8766 * .005) + (bhck8767 * .015) + (bhck3812 * .01) + (bhck8769 * .05) + (bhck8770 * .075) + (bhck8771 * .01) + (bhck8772 * .05) + (bhck8773 * .075) + (bhck8774 * .07) + (bhck8775 * .07) + (bhck8776 * .08) + (bhck8777 * .1) + (bhck8778 * .12) + (bhck8779 * .15) + (bhcka000 * .06) + (bhcka001 * .08) + (bhcka002 * .1)) - 10) and bhcea167 le ((bhck8764 + (bhck8766 * .005) + (bhck8767 * .015) + (bhck3812 * .01) + (bhck8769 * .05) + (bhck8770 * .075) + (bhck8771 * .01) + (bhck8772 * .05) + (bhck8773 * .075) + (bhck8774 * .07) + (bhck8775 * .07) + (bhck8776 * .08) + (bhck8777 * .1) + (bhck8778 * .12) + (bhck8779 * .15) + (bhcka000 * .06) + (bhcka001 * .08) + (bhcka002 * .1)) + 10) |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R54B     | BHCEA167    | For BHCs only, HC-R54B should not be negative.  | for BHCs only bhcea167 ge 0 or bhcea167 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R54C     | BHC0A167    | For BHCs only, HC-R54C should not be negative.  | for BHCs only bhck0a167 ge 0 or bhck0a167 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R54D     | BHC2A167    | For BHCs only, HC-R54D should not be negative.  | for BHCs only bhck2a167 ge 0 or bhck2a167 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R54E     | BHC5A167    | For BHCs only, HC-R54E should not be negative.  | for BHCs only bhck5a167 ge 0 or bhck5a167 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R55C     | BHCKB696    | For BHCs only, HC-R55C should not be negative.  | for BHCs only bhckb696 ge 0 or bhckb696 eq null   |

Quality (Q) and Intraseries (I) Edits for the FR Y-9C  
(Effective as of September 30, 2012)

| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test   | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R55D     | BHCKB697    | For BHCs only, HC-R55D should not be negative.  | for BHCs only bhckb697 ge 0 or bhckb697 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R55E     | BHCKB698    | For BHCs only, HC-R55E should not be negative.  | for BHCs only bhckb698 ge 0 or bhckb698 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R55F     | BHCKB699    | For BHCs only, HC-R55F should not be negative.  | for BHCs only bhckb699 ge 0 or bhckb699 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R57C     | BHCKB700    | For BHCs only, HC-R57C should not be negative.  | for BHCs only bhckb700 ge 0 or bhckb700 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R57D     | BHCKB701    | For BHCs only, HC-R57D should not be negative.  | for BHCs only bhckb701 ge 0 or bhckb701 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R57E     | BHCKB702    | For BHCs only, HC-R57E should not be negative.  | for BHCs only bhckb702 ge 0 or bhckb702 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R57F     | BHCKB703    | For BHCs only, HC-R57F should not be negative.  | for BHCs only bhckb703 ge 0 or bhckb703 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Intraseries | 6980        | HC-R58F     | BHCK1651    | For BHCs only, if the sum of HC-5 (previous) and HC-15 (previous) is greater than or equal to 10% of HC-12 (previous) or the sum of HC-5 (previous) and HC-15 (previous) is greater than or equal to \$1 billion, then HC-R58F (current) should be greater than zero. | for BHCs only if ((bhck3545-q2 + bhck3548-q2) ge 1000000) then bhck1651-q1 gt 0   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Intraseries | 6990        | HC-R58F     | BHCK1651    | For BHCs only, if the sum of HC-5 (previous) and HC-15 (previous) is less than \$1 billion and less than 10% of HC-12 (previous), then HC-R58F (current) should equal zero.   | for BHCs only if ((bhck3545-q2 + bhck3548-q2) lt 1000000 and (bhck3545-q2 + bhck3548-q2) lt (bhck2170-q2 * .1)) then bhck1651-q1 eq 0 |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 7000        | HC-R58F     | BHCK1651    | For BHCs only, if HC-R19 is greater than zero, then HC-R58F should be greater than zero.  | for BHCs only if bhck1395 gt 0 then bhck1651 gt 0   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R58F     | BHCK1651    | For BHCs only, HC-R58F should not be negative.  | for BHCs only bhck1651 ge 0 or bhck1651 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R59F     | BHCKB704    | For BHCs only, HC-R59F should not be negative.  | for BHCs only bhckb704 ge 0 or bhckb704 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 7030        | HC-R60F     | BHCKA222    | For BHCs only, sum of HC-4c and HC-G3 minus HI-B(II)Mem1 should equal the sum of HC-R14 and HC-R60F   | for BHCs only (bhck3123 + bhckb557 - bhckc435) eq (bhck5310 + bhcka222)   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R60F     | BHCKA222    | For BHCs only, HC-R60F should not be negative.  | for BHCs only bhcka222 ge 0 or bhcka222 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 7040        | HC-R61F     | BHCK3128    | For BHCs only, HI-B(II)M1 should be less than or equal to HC-R61F.  | for BHCs only bhckc435 le bhck3128  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R61F     | BHCK3128    | For BHCs only, HC-R61F should not be negative.  | for BHCs only bhck3128 ge 0 or bhck3128 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-R62F     | BHCKA223    | For BHCs only, HC-R62F should not be negative.  | for BHCs only bhcka223 ge 0 or bhcka223 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 7060        | HC-RM1      | BHCK8764    | For BHCs only, HC-RM1 should be less than or equal to the sum of HC-L14a1 and HC-L14b1 (Columns A through D)  | for BHCs only bhck8764 le (bhck8733 + bhck8734 + bhck8735 + bhck8736 + bhck8741 + bhck8742 + bhck8743 + bhck8744)                     |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-RM1      | BHCK8764    | For BHCs only, HC-RM1 should not be negative.   | for BHCs only bhck8764 ge 0 or bhck8764 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-RM2aA    | BHCK3809    | For BHCs only, HC-RM2aA should not be negative.   | for BHCs only bhck3809 ge 0 or bhck3809 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-RM2aB    | BHCK8766    | For BHCs only, HC-RM2aB should not be negative.   | for BHCs only bhck8766 ge 0 or bhck8766 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 7065        | HC-RM2aC    | BHCK8767    | For BHCs only, The sum of HC-RM2aA, HC-RM2aB and HC-RM2aC should be less than or equal to the sum of HC-L11bA, HC-L11c2A, HC-L11d2A and HC-L11eA.   | for BHCs only (bhck3809 + bhck8766 + bhck8767) le (bhck8697 + bhck8705 + bhck8713 + bhck3450)   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 7067        | HC-RM2aC    | BHCK8767    | For BHCs only, if the sum of HC-L11bA, HC-L11c2A, HC-L11d2A and HC-L11eA is greater than zero then the sum of HC-RM2aA, HC-RM2aB and HC-RM2aC should be greater than zero.  | for BHCs only if (bhck8697 + bhck8705 + bhck8713 + bhck3450) gt 0 then (bhck3809 + bhck8766 + bhck8767) gt 0                          |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-RM2aC    | BHCK8767    | For BHCs only, HC-RM2aC should not be negative.   | for BHCs only bhck8767 ge 0 or bhck8767 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-RM2bA    | BHCK3812    | For BHCs only, HC-RM2bA should not be negative.   | for BHCs only bhck3812 ge 0 or bhck3812 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-RM2bB    | BHCK8769    | For BHCs only, HC-RM2bB should not be negative.   | for BHCs only bhck8769 ge 0 or bhck8769 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 7070        | HC-RM2bC    | BHCK8770    | For BHCs only, sum of HC-RM2bA, HC-RM2bB and HC-RM2bC should be less than or equal to the sum of HC-L11bB, HC-L11c2B, HC-L11d2B and HC-L11eB.   | for BHCs only (bhck3812 + bhck8769 + bhck8770) le (bhck8698 + bhck8706 + bhck8714 + bhck3826)   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 7073        | HC-RM2bC    | BHCK8770    | For BHCs only, if the sum of HC-L11bB, HC-L11c2B, HC-L11d2B and HC-L11eB is greater than zero, then the sum of HC-RM2bA, HC-RM2bB and HC-RM2bC should be greater than zero.   | for BHCs only if (bhck8698 + bhck8706 + bhck8714 + bhck3826) gt 0 then (bhck3812 + bhck8769 + bhck8770) gt 0                          |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-RM2bC    | BHCK8770    | For BHCs only, HC-RM2bC should not be negative.   | for BHCs only bhck8770 ge 0 or bhck8770 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 9550        | HC-RM2cA    | BHCK8771    | For BHCs only, HC-RM2cA should not be negative.   | for BHCs only bhck8771 ge 0 or bhck8771 eq null   |

Quality (Q) and Intraseries (I) Edits for the FR Y-9C  
(Effective as of September 30, 2012)

| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|--|---|
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2cB    | BHCK8772    | For BHCs only, HC-RM2cB should not be negative.  | for BHCs only bhck8772 ge 0 or bhck8772 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2cC    | BHCK8773    | For BHCs only, HC-RM2cC should not be negative.  | for BHCs only bhck8773 ge 0 or bhck8773 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2dA    | BHCK8774    | For BHCs only, HC-RM2dA should not be negative.  | for BHCs only bhck8774 ge 0 or bhck8774 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2dB    | BHCK8775    | For BHCs only, HC-RM2dB should not be negative.  | for BHCs only bhck8775 ge 0 or bhck8775 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2dC    | BHCK8776    | For BHCs only, HC-RM2dC should not be negative.  | for BHCs only bhck8776 ge 0 or bhck8776 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2eA    | BHCK8777    | For BHCs only, HC-RM2eA should not be negative.  | for BHCs only bhck8777 ge 0 or bhck8777 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2eB    | BHCK8778    | For BHCs only, HC-RM2eB should not be negative.  | for BHCs only bhck8778 ge 0 or bhck8778 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7075        | HC-RM2eC    | BHCK8779    | For BHCs only, sum of HC-RM2cA, HC-RM2cB, HC-RM2cC, HC-RM2dA, HC-RM2dB, HC-RM2dC, HC-RM2eA, HC-RM2eB and HC-RM2eC should be less than or equal to the sum of HC-L11bD, HC-L11c2D, HC-L11d2D and HC-L11eD                               | for BHCs only (bhck8771 + bhck8772 + bhck8773 + bhck8774 + bhck8775 + bhck8776 + bhck8777 + bhck8778 + bhck8779) le (bhck8700 + bhck8708 + bhck8716 + bhck8720)   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7077        | HC-RM2eC    | BHCK8779    | For BHCs only, if the sum of HC-L11bD, HC-L11c2D, HC-L11d2D and HC-L11eD is greater than zero, then the sum of HC-RM2cA, HC-RM2cB, HC-RM2cC, HC-RM2dA, HC-RM2dB, HC-RM2dC, HC-RM2eA, HC-RM2eB and HC-RM2eC should be greater than zero | for BHCs only if (bhck8700 + bhck8708 + bhck8716 + bhck8720) gt 0 then (bhck8771 + bhck8772 + bhck8773 + bhck8774 + bhck8775 + bhck8776 + bhck8777 + bhck8778 + bhck8779) gt 0                                  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2eC    | BHCK8779    | For BHCs only, HC-RM2eC should not be negative.  | for BHCs only bhck8779 ge 0 or bhck8779 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2fA    | BHCKA000    | For BHCs only, HC-RM2fA should not be negative.  | for BHCs only bhcka000 ge 0 or bhcka000 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2fB    | BHCKA001    | For BHCs only, HC-RM2fB should not be negative.  | for BHCs only bhcka001 ge 0 or bhcka001 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7091        | HC-RM2fC    | BHCKA002    | For BHCs only, if the sum of HC-L11bC, HC-L11c2C, HC-L11d2C and HC-L11eC is greater than zero, then sum of HC-RM2fA, HC-RM2fB and HC-RM2fC should be greater than zero   | for BHCs only if (bhck8699 + bhck8707 + bhck8715 + bhck8719) gt 0 then (bhcka000 + bhcka001 + bhcka002) gt 0  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7095        | HC-RM2fC    | BHCKA002    | For BHCs only, sum of HC-RM2fA, HC-RM2fB and HC-RM2fC should be less than or equal to the sum of HC-L11bC, HC-L11c2C, HC-L11d2C and HC-L11eC   | for BHCs only (bhcka000 + bhcka001 + bhcka002) le (bhck8699 + bhck8707 + bhck8715 + bhck8719)   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2fC    | BHCKA002    | For BHCs only, HC-RM2fC should not be negative.  | for BHCs only bhcka002 ge 0 or bhcka002 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2g1A   | BHCKG597    | For BHCs only, HC-RM2g1A should not be negative.   | for BHCs only bhckg597 ge 0 or bhckg597 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2g1B   | BHCKG598    | For BHCs only, HC-RM2g1B should not be negative.   | for BHCs only bhckg598 ge 0 or bhckg598 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2g1C   | BHCKG599    | For BHCs only, HC-RM2g1C should not be negative.   | for BHCs only bhckg599 ge 0 or bhckg599 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2g2A   | BHCKG600    | For BHCs only, HC-RM2g2A should not be negative.   | for BHCs only bhckg600 ge 0 or bhckg600 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2g2B   | BHCKG601    | For BHCs only, HC-RM2g2B should not be negative.   | for BHCs only bhckg601 ge 0 or bhckg601 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7097        | HC-RM2g2C   | BHCKG602    | For BHCs only, sum of HC-RM2g1A through HC-RM2g2C should be between 75% and 100% of the sum of HC-L7c1b and HC-L7c2c.  | for BHCs only (bhckg597 + bhckg598 + bhckg599 + bhckg600 + bhckg601 + bhckg602) ge ((bhckg402 + bhckg405) * .75) and (bhckg597 + bhckg598 + bhckg599 + bhckg600 + bhckg601 + bhckg602) le (bhckg402 + bhcka405) |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM2g2C   | BHCKG602    | For BHCs only, HC-RM2g2C should not be negative.   | for BHCs only bhckg602 ge 0 or bhckg602 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM3a     | BHCK5479    | For BHCs only, HC-RM3a should not be negative.   | for BHCs only bhck5479 ge 0 or bhck5479 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7100        | HC-RM3c     | BHCKC498    | For BHCs only, HC-RM3c should be less than or equal to HC-27b.   | for BHCs only bhckc498 le bhck3000  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM3c     | BHCKC498    | For BHCs only, HC-RM3c should not be negative.   | for BHCs only bhckc498 ge 0 or bhckc498 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7110        | HC-RM3d     | BHCKA507    | For BHCs only, HC-RM3d should be less than or equal to the sum of HC-20 and HC-27b.  | for BHCs only bhcka507 le (bhck2750 + bhck3000)   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM3d     | BHCKA507    | For BHCs only, HC-RM3d should not be negative.   | for BHCs only bhcka507 ge 0 or bhcka507 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7120        | HC-RM4      | BHCK2771    | For BHCs only, HC-RM4 should be less than or equal to the absolute value of HC-26c.  | for BHCs only bhck2771 le bhcka130 or bhck2771 le (bhcka130) * -1   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM4      | BHCK2771    | For BHCs only, HC-RM4 should not be negative.  | for BHCs only bhck2771 ge 0 or bhck2771 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7134        | HC-RM5a     | BHCK5483    | For BHCs only, if HC-23 is greater than zero, the sum of HC-RM3a, HC-RM5a, and HC-RM8c should be greater than zero.  | for BHCs only if bhck3283 gt 0 then (bhck5479 + bhck5483 + bhck5990) gt 0   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7135        | HC-RM5a     | BHCK5483    | For BHCs only, sum of HC-RM3a, HC-RM5a, and HC-RM8c should be less than or equal to HC-23.   | for BHCs only (bhck5479 + bhck5483 + bhck5990) le bhck3283  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM5a     | BHCK5483    | For BHCs only, HC-RM5a should not be negative.   | for BHCs only bhck5483 ge 0 or bhck5483 eq null   |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7147        | HC-RM5b     | BHCK5484    | For BHCs only, if HC-26c does not equal zero, then the sum of HC-RM5a and HC-RM5b should not equal zero.                      | for BHCs only if (bhcka130 ne 0) then (bhck5483 + bhck5484) ne 0                            |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7150        | HC-RM5b     | BHCK5484    | For BHCs only, sum of HC-RM5a and HC-RM5b should be less than or equal to the absolute value of HC-26c.                       | for BHCs only (bhck5483 + bhck5484) le bhcka130 or (bhck5483 + bhck5484) le (bhcka130) * -1 |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM5b     | BHCK5484    | For BHCs only, HC-RM5b should not be negative.  | for BHCs only bhck5484 ge 0 or bhck5484 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM6      | BHCKF031    | For BHCs only, HC-RM6 should not be negative.   | for BHCs only bhckf031 ge 0 or bhckf031 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7151        | HC-RM8a     | BHCKG219    | For BHCs only, if HC-RM8a is greater than zero then HC-27b should be greater than zero.                                       | for BHCs only if bhckg219 gt 0 then bhck3000 gt 0   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7152        | HC-RM8a     | BHCKG219    | For BHCs only, HC-RM8a should be less than or equal to HC-27b.  | for BHCs only bhckg219 le bhck3000  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7153        | HC-RM8a     | BHCKG219    | For BHCs only, if HC-RM8a is greater than zero then HC-R6b should be greater than zero.                                       | for BHCs only if bhckg219 gt 0 then bhckg215 gt 0   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7154        | HC-RM8a     | BHCKG219    | For BHCs only, HC-RM8a should be less than or equal to HC-R6b.  | for BHCs only bhckg219 le bhckg215  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7155        | HC-RM8b     | BHCKG220    | For BHCs only, if HC-RM8b is greater than zero then HC-27b should be greater than zero.                                       | for BHCs only if bhckG220 gt 0 then bhck3000 gt 0   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7156        | HC-RM8b     | BHCKG220    | For BHCs only, HC-RM8b should be less than or equal to HC-27b.  | for BHCs only bhckG220 le bhck3000  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7157        | HC-RM8b     | BHCKG220    | For BHCs only, if HC-RM8b is greater than zero then HC-R6b should be greater than zero.                                       | for BHCs only if bhckG220 gt 0 then bhckg215 gt 0   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7158        | HC-RM8b     | BHCKG220    | For BHCs only, HC-RM8b should be less than or equal to HC-R6b.  | for BHCs only bhckG220 le bhckg215  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 0393        | HC-RM8c     | BHCK5990    | For BHCs only, if HC-RM3d is greater than zero and HC-RM8c is greater than zero, then HC-RM3d should not be equal to HC-RM8c. | for BHCs only if (bhcka507 gt 0 and bhck5990 gt 0) then bhcka507 ne bhck5990                |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM8c     | BHCK5990    | For BHCs only, HC-RM8c should not be negative.  | for BHCs only bhck5990 ge 0 or bhck5990 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7159        | HC-RM8c     | BHCK5990    | For BHCs only, if HC-RM8c is greater than zero then HC-27a should be greater than zero.                                       | for BHCs only if bhck5990 gt 0 then bhck3210 gt 0   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7160        | HC-RM8c     | BHCK5990    | For BHCs only, HC-RM8c should be less than or equal to HC-27a.  | for BHCs only bhck5990 le bhck3210  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 6782        | HC-RM8d     | BHCKC502    | For BHCs only, if HC-19b is greater than zero, then HC-RM8d should be greater than zero.                                      | for BHCs only if bhckc699 gt 0 then bhckc502 gt 0   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 6828        | HC-RM8d     | BHCKC502    | For BHCs only, HC-19b should be greater than or equal to HC-RM8d.   | for BHCs only bhckc699 ge bhckc502  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM8d     | BHCKC502    | For BHCs only, HC-RM8d should not be negative.  | for BHCs only bhckc502 ge 0 or bhckc502 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 7161        | HC-RM9      | BHCKG221    | For BHCs only, if HC-10a is greater than zero then HC-RM9 should be greater than zero.  | for BHCs only if bhck3163 gt 0 then bhckg221 gt 0   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9550        | HC-RM9      | BHCKG221    | For BHCs only, HC-RM9 should not be negative.   | for BHCs only bhckg221 ge 0 or bhckg221 eq null   |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 0388        | HC-RM9      | BHCKG221    | For BHCs only, HC-RM9 should be less than or equal to HC-10a.   | for BHCs only bhckg221 le bhck3163  |
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality   | 9560        | HC-RM10     | BHCKG222    | For BHCs only, HC-RM10 should not be null and should not be negative.   | for BHCs only bhckg222 ne null and bhckg222 ge 0  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|--|
| FRY9C  | 20120331             | 99991231           | Revised     | HC-R     | Quality     | 0389        | HC-RM10     | BHCKG222    | For BHCs only, if the sum of HC-27a and HC-R6a through HC-R6c minus the sum of HC-R2 through HC-R5 and HC-RM9 is not equal to zero or null then the sum of HC-RM8a through HC-RM8d divided by (sum of HC-27a and HC-R6a through HC-R6c minus sum of HC-R2 through HC-R5 and HC-RM9) should be equal to HC-RM10 (+/- .05%). | for BHCs only if (bhck3210 + bhckg214 + bhckg215 + bhckg216) - (bhck8434 + bhcka221 + bhck4336 + bhckb588 + bhckg221) ne 0 and (bhck3210 + bhckg214 + bhckg215 + bhckg216) - (bhck8434 + bhcka221 + bhck4336 + bhckb588 + bhckg221) ne null then ((bhckg219 + bhckg220 + bhck5990 + bhckc502) / ((bhck3210 + bhckg214 + bhckg215 + bhckg216) - (bhck8434 + bhcka221 + bhck4336 + bhckb588 + bhckg221))) * 100 le (bhckg222 + .05) and ((bhckg219 + bhckg220 + bhck5990 + bhckc502) / ((bhck3210 + bhckg214 + bhckg215 + bhckg216) - (bhck8434 + bhcka221 + bhck4336 + bhckb588 + bhckg221))) * 100 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7190        | HC-S1A      | BHCKB705    | If HC-S1 (columns A through G) (previous) is greater than zero, then HC-S1 (columns A through G) (current) should be greater than zero.  | if bhckb705-q2 gt 0 then bhckb705-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S1A      | BHCKB705    | HC-S1A should not be null and should not be negative.  | bhckb705 ne null and bhckb705 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7190        | HC-S1B      | BHCKB706    | If HC-S1 (columns A through G) (previous) is greater than zero, then HC-S1 (columns A through G) (current) should be greater than zero.  | if bhckb706-q2 gt 0 then bhckb706-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S1B      | BHCKB706    | HC-S1B should not be null and should not be negative.  | bhckb706 ne null and bhckb706 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7190        | HC-S1C      | BHCKB707    | If HC-S1 (columns A through G) (previous) is greater than zero, then HC-S1 (columns A through G) (current) should be greater than zero.  | if bhckb707-q2 gt 0 then bhckb707-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S1C      | BHCKB707    | HC-S1C should not be null and should not be negative.  | bhckb707 ne null and bhckb707 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7190        | HC-S1D      | BHCKB708    | If HC-S1 (columns A through G) (previous) is greater than zero, then HC-S1 (columns A through G) (current) should be greater than zero.  | if bhckb708-q2 gt 0 then bhckb708-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S1D      | BHCKB708    | HC-S1D should not be null and should not be negative.  | bhckb708 ne null and bhckb708 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7190        | HC-S1E      | BHCKB709    | If HC-S1 (columns A through G) (previous) is greater than zero, then HC-S1 (columns A through G) (current) should be greater than zero.  | if bhckb709-q2 gt 0 then bhckb709-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S1E      | BHCKB709    | HC-S1E should not be null and should not be negative.  | bhckb709 ne null and bhckb709 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7190        | HC-S1F      | BHCKB710    | If HC-S1 (columns A through G) (previous) is greater than zero, then HC-S1 (columns A through G) (current) should be greater than zero.  | if bhckb710-q2 gt 0 then bhckb710-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S1F      | BHCKB710    | HC-S1F should not be null and should not be negative.  | bhckb710 ne null and bhckb710 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7190        | HC-S1G      | BHCKB711    | If HC-S1 (columns A through G) (previous) is greater than zero, then HC-S1 (columns A through G) (current) should be greater than zero.  | if bhckb711-q2 gt 0 then bhckb711-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S1G      | BHCKB711    | HC-S1G should not be null and should not be negative.  | bhckb711 ne null and bhckb711 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7222        | HC-S2aA     | BHCKB712    | If HC-S1 (columns A through G) (previous) is greater than zero, then HC-S1 (columns A through G) (current) should be greater than zero.  | if bhckb712-q2 gt 0 then bhckb712-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2aA     | BHCKB712    | HC-S2aA should not be null and should not be negative.   | bhckb712 ne null and bhckb712 ge 0   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7222        | HC-S2aB     | BHCKB713    | If HC-S1 (columns A through G) (previous) is greater than zero, then HC-S1 (columns A through G) (current) should be greater than zero.   | if bhckb713-q2 gt 0 then bhckb713-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2aB     | BHCKB713    | HC-S2aB should not be null and should not be negative.  | bhckb713 ne null and bhckb713 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7222        | HC-S2aC     | BHCKB714    | If HC-S1 (columns A through G) (previous) is greater than zero, then HC-S1 (columns A through G) (current) should be greater than zero.   | if bhckb714-q2 gt 0 then bhckb714-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2aC     | BHCKB714    | HC-S2aC should not be null and should not be negative.  | bhckb714 ne null and bhckb714 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7222        | HC-S2aD     | BHCKB715    | If HC-S1 (columns A through G) (previous) is greater than zero, then HC-S1 (columns A through G) (current) should be greater than zero.   | if bhckb715-q2 gt 0 then bhckb715-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2aD     | BHCKB715    | HC-S2aD should not be null and should not be negative.  | bhckb715 ne null and bhckb715 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7222        | HC-S2aE     | BHCKB716    | If HC-S1 (columns A through G) (previous) is greater than zero, then HC-S1 (columns A through G) (current) should be greater than zero.   | if bhckb716-q2 gt 0 then bhckb716-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2aE     | BHCKB716    | HC-S2aE should not be null and should not be negative.  | bhckb716 ne null and bhckb716 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7222        | HC-S2aF     | BHCKB717    | If HC-S1 (columns A through G) (previous) is greater than zero, then HC-S1 (columns A through G) (current) should be greater than zero.   | if bhckb717-q2 gt 0 then bhckb717-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2aF     | BHCKB717    | HC-S2aF should not be null and should not be negative.  | bhckb717 ne null and bhckb717 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7222        | HC-S2aG     | BHCKB718    | If HC-S1 (columns A through G) (previous) is greater than zero, then HC-S1 (columns A through G) (current) should be greater than zero.   | if bhckb718-q2 gt 0 then bhckb718-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2aG     | BHCKB718    | HC-S2aG should not be null and should not be negative.  | bhckb718 ne null and bhckb718 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7226        | HC-S2bA     | BHCKC393    | If HC-S2b (columns A through G) (previous) is greater than zero, then HC-S2b (columns A through G) (current) should be greater than zero. | if bhckc393-q2 gt 0 then bhckc393-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2bA     | BHCKC393    | HC-S2bA should not be null and should not be negative.  | bhckc393 ne null and bhckc393 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7226        | HC-S2bB     | BHCKC394    | If HC-S2b (columns A through G) (previous) is greater than zero, then HC-S2b (columns A through G) (current) should be greater than zero. | if bhckc394-q2 gt 0 then bhckc394-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2bB     | BHCKC394    | HC-S2bB should not be null and should not be negative.  | bhckc394 ne null and bhckc394 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7226        | HC-S2bC     | BHCKC395    | If HC-S2b (columns A through G) (previous) is greater than zero, then HC-S2b (columns A through G) (current) should be greater than zero. | if bhckc395-q2 gt 0 then bhckc395-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2bC     | BHCKC395    | HC-S2bC should not be null and should not be negative.  | bhckc395 ne null and bhckc395 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7226        | HC-S2bD     | BHCKC396    | If HC-S2b (columns A through G) (previous) is greater than zero, then HC-S2b (columns A through G) (current) should be greater than zero. | if bhckc396-q2 gt 0 then bhckc396-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2bD     | BHCKC396    | HC-S2bD should not be null and should not be negative.  | bhckc396 ne null and bhckc396 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7226        | HC-S2bE     | BHCKC397    | If HC-S2b (columns A through G) (previous) is greater than zero, then HC-S2b (columns A through G) (current) should be greater than zero. | if bhckc397-q2 gt 0 then bhckc397-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2bE     | BHCKC397    | HC-S2bE should not be null and should not be negative.  | bhckc397 ne null and bhckc397 ge 0        |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7226        | HC-S2bF     | BHCKC398    | If HC-S2b (columns A through G) (previous) is greater than zero, then HC-S2b (columns A through G) (current) should be greater than zero. | if bhckc398-q2 gt 0 then bhckc398-q1 gt 0    |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2bF     | BHCKC398    | HC-S2bF should not be null and should not be negative.  | bhckc398 ne null and bhckc398 ge 0           |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7226        | HC-S2bG     | BHCKC399    | If HC-S2b (columns A through G) (previous) is greater than zero, then HC-S2b (columns A through G) (current) should be greater than zero. | if bhckc399-q2 gt 0 then bhckc399-q1 gt 0    |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2bG     | BHCKC399    | HC-S2bG should not be null and should not be negative.  | bhckc399 ne null and bhckc399 ge 0           |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7194        | HC-S2cA     | BHCKC400    | Sum of HC-S2aA, HC-S2bA and HC-S2cA should be less than or equal to HC-S1A.   | (bhckb712 + bhckc393 + bhckc400) le bhckb705 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7230        | HC-S2cA     | BHCKC400    | If HC-S2c (columns A through G) (previous) is greater than zero, then HC-S2c (columns A through G) (current) should be greater than zero. | if bhckc400-q2 gt 0 then bhckc400-q1 gt 0    |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2cA     | BHCKC400    | HC-S2cA should not be null and should not be negative.  | bhckc400 ne null and bhckc400 ge 0           |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7198        | HC-S2cB     | BHCKC401    | Sum of HC-S2aB, HC-S2bB and HC-S2cB should be less than or equal to HC-S1B.   | (bhckb713 + bhckc394 + bhckc401) le bhckb706 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7230        | HC-S2cB     | BHCKC401    | If HC-S2c (columns A through G) (previous) is greater than zero, then HC-S2c (columns A through G) (current) should be greater than zero. | if bhckc401-q2 gt 0 then bhckc401-q1 gt 0    |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2cB     | BHCKC401    | HC-S2cB should not be null and should not be negative.  | bhckc401 ne null and bhckc401 ge 0           |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7202        | HC-S2cC     | BHCKC402    | Sum of HC-S2aC, HC-S2bC and HC-S2cC should be less than or equal to HC-S1C.   | (bhckb714 + bhckc395 + bhckc402) le bhckb707 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7230        | HC-S2cC     | BHCKC402    | If HC-S2c (columns A through G) (previous) is greater than zero, then HC-S2c (columns A through G) (current) should be greater than zero. | if bhckc402-q2 gt 0 then bhckc402-q1 gt 0    |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2cC     | BHCKC402    | HC-S2cC should not be null and should not be negative.  | bhckc402 ne null and bhckc402 ge 0           |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7206        | HC-S2cD     | BHCKC403    | Sum of HC-S2aD, HC-S2bD and HC-S2cD should be less than or equal to HC-S1D.   | (bhckb715 + bhckc396 + bhckc403) le bhckb708 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7230        | HC-S2cD     | BHCKC403    | If HC-S2c (columns A through G) (previous) is greater than zero, then HC-S2c (columns A through G) (current) should be greater than zero. | if bhckc403-q2 gt 0 then bhckc403-q1 gt 0    |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2cD     | BHCKC403    | HC-S2cD should not be null and should not be negative.  | bhckc403 ne null and bhckc403 ge 0           |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7210        | HC-S2cE     | BHCKC404    | Sum of HC-S2aE, HC-S2bE and HC-S2cE should be less than or equal to HC-S1E.   | (bhckb716 + bhckc397 + bhckc404) le bhckb709 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7230        | HC-S2cE     | BHCKC404    | If HC-S2c (columns A through G) (previous) is greater than zero, then HC-S2c (columns A through G) (current) should be greater than zero. | if bhckc404-q2 gt 0 then bhckc404-q1 gt 0    |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2cE     | BHCKC404    | HC-S2cE should not be null and should not be negative.  | bhckc404 ne null and bhckc404 ge 0           |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7214        | HC-S2cF     | BHCKC405    | Sum of HC-S2aF, HC-S2bF and HC-S2cF should be less than or equal to HC-S1F.   | (bhckb717 + bhckc398 + bhckc405) le bhckb710 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7230        | HC-S2cF     | BHCKC405    | If HC-S2c (columns A through G) (previous) is greater than zero, then HC-S2c (columns A through G) (current) should be greater than zero. | if bhckc405-q2 gt 0 then bhckc405-q1 gt 0    |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2cF     | BHCKC405    | HC-S2cF should not be null and should not be negative.  | bhckc405 ne null and bhckc405 ge 0           |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7218        | HC-S2cG     | BHCKC406    | Sum of HC-S2aG, HC-S2bG and HC-S2cG should be less than or equal to HC-S1G.   | (bhckb718 + bhckc399 + bhckc406) le bhckb711 |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test   | Alg Edit Test                             |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7230        | HC-S2cG     | BHCKC406    | If HC-S2c (columns A through G) (previous) is greater than zero, then HC-S2c (columns A through G) (current) should be greater than zero. | if bhckc406-q2 gt 0 then bhckc406-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S2cG     | BHCKC406    | HC-S2cG should not be null and should not be negative.  | bhckc406 ne null and bhckc406 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7234        | HC-S3A      | BHCKB726    | If HC-S3 (columns A through G) (previous) is greater than zero, then HC-S3 (columns A through G) (current) should be greater than zero.   | if bhckb726-q2 gt 0 then bhckb726-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7238        | HC-S3A      | BHCKB726    | HC-S3A should be less than or equal to HC-S1A.  | bhckb726 le bhckb705                      |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S3A      | BHCKB726    | HC-S3A should not be null and should not be negative.   | bhckb726 ne null and bhckb726 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7234        | HC-S3B      | BHCKB727    | If HC-S3 (columns A through G) (previous) is greater than zero, then HC-S3 (columns A through G) (current) should be greater than zero.   | if bhckb727-q2 gt 0 then bhckb727-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7240        | HC-S3B      | BHCKB727    | HC-S3B should be less than or equal to HC-S1B.  | bhckb727 le bhckb706                      |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S3B      | BHCKB727    | HC-S3B should not be null and should not be negative.   | bhckb727 ne null and bhckb727 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7234        | HC-S3C      | BHCKB728    | If HC-S3 (columns A through G) (previous) is greater than zero, then HC-S3 (columns A through G) (current) should be greater than zero.   | if bhckb728-q2 gt 0 then bhckb728-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7242        | HC-S3C      | BHCKB728    | HC-S3C should be less than or equal to HC-S1C.  | bhckb728 le bhckb707                      |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S3C      | BHCKB728    | HC-S3C should not be null and should not be negative.   | bhckb728 ne null and bhckb728 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7234        | HC-S3D      | BHCKB729    | If HC-S3 (columns A through G) (previous) is greater than zero, then HC-S3 (columns A through G) (current) should be greater than zero.   | if bhckb729-q2 gt 0 then bhckb729-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7244        | HC-S3D      | BHCKB729    | HC-S3D should be less than or equal to HC-S1D.  | bhckb729 le bhckb708                      |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S3D      | BHCKB729    | HC-S3D should not be null and should not be negative.   | bhckb729 ne null and bhckb729 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7234        | HC-S3E      | BHCKB730    | If HC-S3 (columns A through G) (previous) is greater than zero, then HC-S3 (columns A through G) (current) should be greater than zero.   | if bhckb730-q2 gt 0 then bhckb730-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7246        | HC-S3E      | BHCKB730    | HC-S3E should be less than or equal to HC-S1E.  | bhckb730 le bhckb709                      |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S3E      | BHCKB730    | HC-S3E should not be null and should not be negative.   | bhckb730 ne null and bhckb730 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7234        | HC-S3F      | BHCKB731    | If HC-S3 (columns A through G) (previous) is greater than zero, then HC-S3 (columns A through G) (current) should be greater than zero.   | if bhckb731-q2 gt 0 then bhckb731-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7248        | HC-S3F      | BHCKB731    | HC-S3F should be less than or equal to HC-S1F.  | bhckb731 le bhckb710                      |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S3F      | BHCKB731    | HC-S3F should not be null and should not be negative.   | bhckb731 ne null and bhckb731 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7234        | HC-S3G      | BHCKB732    | If HC-S3 (columns A through G) (previous) is greater than zero, then HC-S3 (columns A through G) (current) should be greater than zero.   | if bhckb732-q2 gt 0 then bhckb732-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7252        | HC-S3G      | BHCKB732    | HC-S3G should be less than or equal to HC-S1G.  | bhckb732 le bhckb711                      |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S3G      | BHCKB732    | HC-S3G should not be null and should not be negative.   | bhckb732 ne null and bhckb732 ge 0        |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S4aA     | BHCKB733    | HC-S4aA should not be null and should not be negative.   | bhckb733 ne null and bhckb733 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S4aB     | BHCKB734    | HC-S4aB should not be null and should not be negative.   | bhckb734 ne null and bhckb734 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S4aC     | BHCKB735    | HC-S4aC should not be null and should not be negative.   | bhckb735 ne null and bhckb735 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S4aD     | BHCKB736    | HC-S4aD should not be null and should not be negative.   | bhckb736 ne null and bhckb736 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S4aE     | BHCKB737    | HC-S4aE should not be null and should not be negative.   | bhckb737 ne null and bhckb737 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S4aF     | BHCKB738    | HC-S4aF should not be null and should not be negative.   | bhckb738 ne null and bhckb738 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S4aG     | BHCKB739    | HC-S4aG should not be null and should not be negative.   | bhckb739 ne null and bhckb739 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S4bA     | BHCKB740    | HC-S4bA should not be null and should not be negative.   | bhckb740 ne null and bhckb740 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S4bB     | BHCKB741    | HC-S4bB should not be null and should not be negative.   | bhckb741 ne null and bhckb741 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S4bC     | BHCKB742    | HC-S4bC should not be null and should not be negative.   | bhckb742 ne null and bhckb742 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S4bD     | BHCKB743    | HC-S4bD should not be null and should not be negative.   | bhckb743 ne null and bhckb743 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S4bE     | BHCKB744    | HC-S4bE should not be null and should not be negative.   | bhckb744 ne null and bhckb744 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S4bF     | BHCKB745    | HC-S4bF should not be null and should not be negative.   | bhckb745 ne null and bhckb745 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S4bG     | BHCKB746    | HC-S4bG should not be null and should not be negative.   | bhckb746 ne null and bhckb746 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7270        | HC-S5aA     | BHCKB747    | For June, September, and December, if HC-S1 (columns A through G) (current) is greater than or equal to HC-S1 (columns A through G) (previous), then HC-S5a (columns A through G) (current) should be greater than or equal to HC-S5a (columns A through G) (previous -2). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb705-q1 ge bhckb705-q2) then (bhckb747-q1 ge bhckb747-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S5aA     | BHCKB747    | HC-S5aA should not be null and should not be negative.   | bhckb747 ne null and bhckb747 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7270        | HC-S5aB     | BHCKB748    | For June, September, and December, if HC-S1 (columns A through G) (current) is greater than or equal to HC-S1 (columns A through G) (previous), then HC-S5a (columns A through G) (current) should be greater than or equal to HC-S5a (columns A through G) (previous -2). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb706-q1 ge bhckb706-q2) then (bhckb748-q1 ge bhckb748-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S5aB     | BHCKB748    | HC-S5aB should not be null and should not be negative.   | bhckb748 ne null and bhckb748 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7270        | HC-S5aC     | BHCKB749    | For June, September, and December, if HC-S1 (columns A through G) (current) is greater than or equal to HC-S1 (columns A through G) (previous), then HC-S5a (columns A through G) (current) should be greater than or equal to HC-S5a (columns A through G) (previous -2). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb707-q1 ge bhckb707-q2) then (bhckb749-q1 ge bhckb749-q2 - 2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S5aC     | BHCKB749    | HC-S5aC should not be null and should not be negative.   | bhckb749 ne null and bhckb749 ge 0  |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7270        | HC-S5aD     | BHCKB750    | For June, September, and December, if HC-S1 (columns A through G) (current) is greater than or equal to HC-S1 (columns A through G) (previous), then HC-S5a (columns A through G) (current) should be greater than or equal to HC-S5a (columns A through G) (previous -2). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb708-q1 ge bhckb708-q2) then (bhckb750-q1 ge bhckb750-q2 - 2)                  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S5aD     | BHCKB750    | HC-S5aD should not be null and should not be negative.   | bhckb750 ne null and bhckb750 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7270        | HC-S5aE     | BHCKB751    | For June, September, and December, if HC-S1 (columns A through G) (current) is greater than or equal to HC-S1 (columns A through G) (previous), then HC-S5a (columns A through G) (current) should be greater than or equal to HC-S5a (columns A through G) (previous -2). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb709-q1 ge bhckb709-q2) then (bhckb751-q1 ge bhckb751-q2 - 2)                  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S5aE     | BHCKB751    | HC-S5aE should not be null and should not be negative.   | bhckb751 ne null and bhckb751 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7270        | HC-S5aF     | BHCKB752    | For June, September, and December, if HC-S1 (columns A through G) (current) is greater than or equal to HC-S1 (columns A through G) (previous), then HC-S5a (columns A through G) (current) should be greater than or equal to HC-S5a (columns A through G) (previous -2). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb710-q1 ge bhckb710-q2) then (bhckb752-q1 ge bhckb752-q2 - 2)                  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S5aF     | BHCKB752    | HC-S5aF should not be null and should not be negative.   | bhckb752 ne null and bhckb752 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7270        | HC-S5aG     | BHCKB753    | For June, September, and December, if HC-S1 (columns A through G) (current) is greater than or equal to HC-S1 (columns A through G) (previous), then HC-S5a (columns A through G) (current) should be greater than or equal to HC-S5a (columns A through G) (previous -2). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb711-q1 ge bhckb711-q2) then (bhckb753-q1 ge bhckb753-q2 - 2)                  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S5aG     | BHCKB753    | HC-S5aG should not be null and should not be negative.   | bhckb753 ne null and bhckb753 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7272        | HC-S5bA     | BHCKB754    | For March, sum of HC-S5a and HC-S5b (columns A through G) should be less than or equal to 25% of HC-S1 (columns A through G). +\$10k   | if (mm-q1 eq 03) then (bhckb747 + bhckb754) le (.25 * bhckb705) + 10   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7273        | HC-S5bA     | BHCKB754    | For June, September, and December, sum of HC-S5a and HC-S5b (columns A through G) (current minus previous) should be less than or equal to 25% of HC-S1 (columns A through G) (current). +\$10k  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckb747-q1 + bhckb754-q1) - (bhckb747-q2 + bhckb754-q2) le (.25 * bhckb705) + 10 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7275        | HC-S5bA     | BHCKB754    | For June, September, and December, if HC-S1 (columns A through G) (current) is greater than or equal to HC-S1 (columns A through G) (previous), then HC-S5b (columns A through G) (current) should be greater than or equal to HC-S5b (columns A through G) (previous -2). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb705-q1 ge bhckb705-q2) then (bhckb754-q1 ge bhckb754-q2 - 2)                  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S5bA     | BHCKB754    | HC-S5bA should not be null and should not be negative.   | bhckb754 ne null and bhckb754 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7272        | HC-S5bB     | BHCKB755    | For March, sum of HC-S5a and HC-S5b (columns A through G) should be less than or equal to 25% of HC-S1 (columns A through G). +\$10k   | if (mm-q1 eq 03) then (bhckb748 + bhckb755) le (.25 * bhckb706) + 10   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7273        | HC-S5bB     | BHCKB755    | For June, September, and December, sum of HC-S5a and HC-S5b (columns A through G) (current minus previous) should be less than or equal to 25% of HC-S1 (columns A through G) (current). +\$10k  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckb748-q1 + bhckb755-q1) - (bhckb748-q2 + bhckb755-q2) le (.25 * bhckb706) + 10 |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7275        | HC-S5bB     | BHCKB755    | For June, September, and December, if HC-S1 (columns A through G) (current) is greater than or equal to HC-S1 (columns A through G) (previous), then HC-S5b (columns A through G) (current) should be greater than or equal to HC-S5b (columns A through G) (previous -2). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb706-q1 ge bhckb706-q2) then (bhckb755-q1 ge bhckb755-q2 - 2)                  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S5bB     | BHCKB755    | HC-S5bB should not be null and should not be negative.   | bhckb755 ne null and bhckb755 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7272        | HC-S5bC     | BHCKB756    | For March, sum of HC-S5a and HC-S5b (columns A through G) should be less than or equal to 25% of HC-S1 (columns A through G). +\$10k   | if (mm-q1 eq 03) then (bhckb749 + bhckb756) le (.25 * bhckb707) + 10   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7273        | HC-S5bC     | BHCKB756    | For June, September, and December, sum of HC-S5a and HC-S5b (columns A through G) (current minus previous) should be less than or equal to 25% of HC-S1 (columns A through G) (current). +\$10k  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckb749-q1 + bhckb756-q1) - (bhckb749-q2 + bhckb756-q2) le (.25 * bhckb707) + 10 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7275        | HC-S5bC     | BHCKB756    | For June, September, and December, if HC-S1 (columns A through G) (current) is greater than or equal to HC-S1 (columns A through G) (previous), then HC-S5b (columns A through G) (current) should be greater than or equal to HC-S5b (columns A through G) (previous -2). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb707-q1 ge bhckb707-q2) then (bhckb756-q1 ge bhckb756-q2 - 2)                  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S5bC     | BHCKB756    | HC-S5bC should not be null and should not be negative.   | bhckb756 ne null and bhckb756 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7272        | HC-S5bD     | BHCKB757    | For March, sum of HC-S5a and HC-S5b (columns A through G) should be less than or equal to 25% of HC-S1 (columns A through G). +\$10k   | if (mm-q1 eq 03) then (bhckb750 + bhckb757) le (.25 * bhckb708) + 10   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7273        | HC-S5bD     | BHCKB757    | For June, September, and December, sum of HC-S5a and HC-S5b (columns A through G) (current minus previous) should be less than or equal to 25% of HC-S1 (columns A through G) (current). +\$10k  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckb750-q1 + bhckb757-q1) - (bhckb750-q2 + bhckb757-q2) le (.25 * bhckb708) + 10 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7275        | HC-S5bD     | BHCKB757    | For June, September, and December, if HC-S1 (columns A through G) (current) is greater than or equal to HC-S1 (columns A through G) (previous), then HC-S5b (columns A through G) (current) should be greater than or equal to HC-S5b (columns A through G) (previous -2). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb708-q1 ge bhckb708-q2) then (bhckb757-q1 ge bhckb757-q2 - 2)                  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S5bD     | BHCKB757    | HC-S5bD should not be null and should not be negative.   | bhckb757 ne null and bhckb757 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7272        | HC-S5bE     | BHCKB758    | For March, sum of HC-S5a and HC-S5b (columns A through G) should be less than or equal to 25% of HC-S1 (columns A through G). +\$10k   | if (mm-q1 eq 03) then (bhckb751 + bhckb758) le (.25 * bhckb709) + 10   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7273        | HC-S5bE     | BHCKB758    | For June, September, and December, sum of HC-S5a and HC-S5b (columns A through G) (current minus previous) should be less than or equal to 25% of HC-S1 (columns A through G) (current). +\$10k  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckb751-q1 + bhckb758-q1) - (bhckb751-q2 + bhckb758-q2) le (.25 * bhckb709) + 10 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7275        | HC-S5bE     | BHCKB758    | For June, September, and December, if HC-S1 (columns A through G) (current) is greater than or equal to HC-S1 (columns A through G) (previous), then HC-S5b (columns A through G) (current) should be greater than or equal to HC-S5b (columns A through G) (previous -2). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb709-q1 ge bhckb709-q2) then (bhckb758-q1 ge bhckb758-q2 - 2)                  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S5bE     | BHCKB758    | HC-S5bE should not be null and should not be negative.   | bhckb758 ne null and bhckb758 ge 0   |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test  | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7272        | HC-S5bF     | BHCKB759    | For March, sum of HC-S5a and HC-S5b (columns A through G) should be less than or equal to 25% of HC-S1 (columns A through G). +\$10k   | if (mm-q1 eq 03) then (bhckb752 + bhckb759) le (.25 * bhckb710) + 10   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7273        | HC-S5bF     | BHCKB759    | For June, September, and December, sum of HC-S5a and HC-S5b (columns A through G) (current minus previous) should be less than or equal to 25% of HC-S1 (columns A through G) (current) +\$10k   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckb752-q1 + bhckb759-q1) - (bhckb752-q2 + bhckb759-q2) le (.25 * bhckb710) + 10 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7275        | HC-S5bF     | BHCKB759    | For June, September, and December, if HC-S1 (columns A through G) (current) is greater than or equal to HC-S1 (columns A through G) (previous), then HC-S5b (columns A through G) (current) should be greater than or equal to HC-S5b (columns A through G) (previous -2). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb710-q1 ge bhckb710-q2) then (bhckb759-q1 ge bhckb759-q2 - 2)                  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S5bF     | BHCKB759    | HC-S5bF should not be null and should not be negative.   | bhckb759 ne null and bhckb759 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7272        | HC-S5bG     | BHCKB760    | For March, sum of HC-S5a and HC-S5b (columns A through G) should be less than or equal to 25% of HC-S1 (columns A through G). +\$10k   | if (mm-q1 eq 03) then (bhckb753 + bhckb760) le (.25 * bhckb711) + 10   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7273        | HC-S5bG     | BHCKB760    | For June, September, and December, sum of HC-S5a and HC-S5b (columns A through G) (current minus previous) should be less than or equal to 25% of HC-S1 (columns A through G) (current) +\$10k   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckb753-q1 + bhckb760-q1) - (bhckb753-q2 + bhckb760-q2) le (.25 * bhckb711) + 10 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7275        | HC-S5bG     | BHCKB760    | For June, September, and December, if HC-S1 (columns A through G) (current) is greater than or equal to HC-S1 (columns A through G) (previous), then HC-S5b (columns A through G) (current) should be greater than or equal to HC-S5b (columns A through G) (previous -2). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb711-q1 ge bhckb711-q2) then (bhckb760-q1 ge bhckb760-q2 - 2)                  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S5bG     | BHCKB760    | HC-S5bG should not be null and should not be negative.   | bhckb760 ne null and bhckb760 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S6aB     | BHCKB761    | HC-S6aB should not be null and should not be negative.   | bhckb761 ne null and bhckb761 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S6aC     | BHCKB762    | HC-S6aC should not be null and should not be negative.   | bhckb762 ne null and bhckb762 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7292        | HC-S6aF     | BHCKB763    | If the sum of HC-S6aB, HC-S6aC, and HC-S6aF (previous) is greater than \$100 thousand, then the sum of HC-S6aB, HC-S6aC, and HC-S6aF (current) should be greater than zero.  | if (bhckb761-q2 + bhckb762-q2 + bhckb763-q2) gt 100 then (bhckb761-q1 + bhckb762-q1 + bhckb763-q1) gt 0                                |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S6aF     | BHCKB763    | HC-S6aF should not be null and should not be negative.   | bhckb763 ne null and bhckb763 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7295        | HC-S6bB     | BHCKB500    | Sum of HC-S6aB and HC-S6bB should be less than or equal to HC-S1B.   | (bhckb761 + bhckb500) le bhckb706  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7311        | HC-S6bB     | BHCKB500    | HC-S6bB should be less than or equal to HC-C1c1B.  | bhckb500 le bhdm1797   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S6bB     | BHCKB500    | HC-S6bB should not be null and should not be negative.   | bhckb500 ne null and bhckb500 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7301        | HC-S6bC     | BHCKB501    | Sum of HC-S6aC and HC-S6bC should be less than or equal to HC-S1C.   | (bhckb762 + bhckb501) le bhckb707  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7315        | HC-S6bC     | BHCKB501    | HC-S6bC should be less than or equal to HC-C6aA.   | bhckb501 le bhckb538   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S6bC     | BHCKB501    | HC-S6bC should not be null and should not be negative.   | bhckb501 ne null and bhckb501 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7305        | HC-S6bF     | BHCKB502    | Sum of HC-S6aF and HC-S6bF should be less than or equal to HC-S1F.   | (bhckb763 + bhckb502) le bhckb710  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7320        | HC-S6bF     | BHCKB502    | HC-S6bF should be less than or equal to the sum of HC-C4aA and HC-C4bA.  | bhckb502 le (bhck1763 + bhck1764)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseried | 7325        | HC-S6bF     | BHCKB502    | If the sum of HC-S6bB, HC-S6bC, and HC-S6bF (previous) is greater than \$100 thousand, then the sum of HC-S6bB, HC-S6bC, and HC-S6bF (current) should be greater than zero.  | if (bhckb500-q2 + bhckb501-q2 + bhckb502-q2) gt 100 then (bhckb500-q1 + bhckb501-q1 + bhckb502-q1) gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S6bF     | BHCKB502    | HC-S6bF should not be null and should not be negative.   | bhckb502 ne null and bhckb502 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S7aB     | BHCKB764    | HC-S7aB should not be null and should not be negative.   | bhckb764 ne null and bhckb764 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S7aC     | BHCKB765    | HC-S7aC should not be null and should not be negative.   | bhckb765 ne null and bhckb765 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S7aF     | BHCKB766    | HC-S7aF should not be null and should not be negative.   | bhckb766 ne null and bhckb766 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S7bB     | BHCKB767    | HC-S7bB should not be null and should not be negative.   | bhckb767 ne null and bhckb767 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S7bC     | BHCKB768    | HC-S7bC should not be null and should not be negative.   | bhckb768 ne null and bhckb768 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S7bF     | BHCKB769    | HC-S7bF should not be null and should not be negative.   | bhckb769 ne null and bhckb769 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseried | 7340        | HC-S8aB     | BHCKB770    | For June, September, December, if HC-S6a (columns B, C and F) (current) is greater than or equal to HC-S6a (columns B, C and F) (previous), then HC-S8a and HC-S8b (columns B, C, and F) (current) should be greater than or equal to HC-S8a and HC-S8b (columns B, C and F) (previous). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb761-q1 ge bhckb761-q2) then (bhckb770-q1 + bhckb773-q1) ge (bhckb770-q2 + bhckb773-q2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S8aB     | BHCKB770    | HC-S8aB should not be null and should not be negative.   | bhckb770 ne null and bhckb770 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseried | 7340        | HC-S8aC     | BHCKB771    | For June, September, December, if HC-S6a (columns B, C and F) (current) is greater than or equal to HC-S6a (columns B, C and F) (previous), then HC-S8a and HC-S8b (columns B, C, and F) (current) should be greater than or equal to HC-S8a and HC-S8b (columns B, C and F) (previous). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb762-q1 ge bhckb762-q2) then (bhckb771-q1 + bhckb774-q1) ge (bhckb771-q2 + bhckb774-q2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S8aC     | BHCKB771    | HC-S8aC should not be null and should not be negative.   | bhckb771 ne null and bhckb771 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseried | 7340        | HC-S8aF     | BHCKB772    | For June, September, December, if HC-S6a (columns B, C and F) (current) is greater than or equal to HC-S6a (columns B, C and F) (previous), then HC-S8a and HC-S8b (columns B, C, and F) (current) should be greater than or equal to HC-S8a and HC-S8b (columns B, C and F) (previous). | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb763-q1 ge bhckb763-q2) then (bhckb772-q1 + bhckb775-q1) ge (bhckb772-q2 + bhckb775-q2) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S8aF     | BHCKB772    | HC-S8aF should not be null and should not be negative.   | bhckb772 ne null and bhckb772 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7342        | HC-S8bB     | BHCKB773    | For March, sum of HC-S8aB and HC-S8bB should be less than or equal to 25% of HC-S6aB. +\$10k   | if (mm-q1 eq 03) then (bhckb770 + bhckb773) le (.25 * bhckb761) + 10  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseried | 7343        | HC-S8bB     | BHCKB773    | For June, September, and December, sum of HC-S8aB and HC-S8bB (current minus previous) should be less than or equal to 25% of HC-S6aB (current). +\$10k  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then ((bhckb770-q1 + bhckb773-q1) - (bhckb770-q2 - bhckb773-q2)) le (.25 * bhckb761-q1) + 10     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S8bB     | BHCKB773    | HC-S8bB should not be null and should not be negative.   | bhckb773 ne null and bhckb773 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7345        | HC-S8bC     | BHCKB774    | For March, sum of HC-S8aC and HC-S8bC should be less than or equal to 25% of HC-S6aC. +\$10k   | if (mm-q1 eq 03) then ((bhckb771 + bhckb774) le (.25 * bhckb762) + 10)  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7346        | HC-S8bC     | BHCKB774    | For June, September, and December, sum of HC-S8aC and HC-S8bC (current minus previous) should be less than or equal to 25% of HC-S6aC (current). +\$10k  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then ((bhckb771-q1 + bhckb774-q1) - (bhckb771-q2 - bhckb774-q2)) le (.25 * bhckb762-q1) + 10) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S8bC     | BHCKB774    | HC-S8bC should not be null and should not be negative.   | bhckb774 ne null and bhckb774 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7348        | HC-S8bF     | BHCKB775    | For March, sum of HC-S8aF and HC-S8bF should be less than or equal to 25% of HC-S6aF. +\$10k.  | if (mm-q1 eq 03) then ((bhckb772 + bhckb775) le (.25 * bhckb763) + 10)   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7349        | HC-S8bF     | BHCKB775    | For June, September, and December, sum of HC-S8aF and HC-S8bF (current minus previous) should be less than or equal to 25% of HC-S6aF (current). +\$10k. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then ((bhckb772-q1 + bhckb775-q1) - (bhckb772-q2 - bhckb775-q2)) le (.25 * bhckb763-q1) + 10) |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S8bF     | BHCKB775    | HC-S8bF should not be null and should not be negative.   | bhckb775 ne null and bhckb775 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7351        | HC-S9A      | BHCKB776    | If HC-S9 (columns A through G) (previous) is greater than zero, then HC-S9 (columns A through G) (current) should be greater than zero.                  | if bhckb776-q2 gt 0 then bhckb776-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S9A      | BHCKB776    | HC-S9A should not be null and should not be negative.  | bhckb776 ne null and bhckb776 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7351        | HC-S9B      | BHCKB777    | If HC-S9 (columns A through G) (previous) is greater than zero, then HC-S9 (columns A through G) (current) should be greater than zero.                  | if bhckb777-q2 gt 0 then bhckb777-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S9B      | BHCKB777    | HC-S9B should not be null and should not be negative.  | bhckb777 ne null and bhckb777 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7351        | HC-S9C      | BHCKB778    | If HC-S9 (columns A through G) (previous) is greater than zero, then HC-S9 (columns A through G) (current) should be greater than zero.                  | if bhckb778-q2 gt 0 then bhckb778-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S9C      | BHCKB778    | HC-S9C should not be null and should not be negative.  | bhckb778 ne null and bhckb778 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7351        | HC-S9D      | BHCKB779    | If HC-S9 (columns A through G) (previous) is greater than zero, then HC-S9 (columns A through G) (current) should be greater than zero.                  | if bhckb779-q2 gt 0 then bhckb779-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S9D      | BHCKB779    | HC-S9D should not be null and should not be negative.  | bhckb779 ne null and bhckb779 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7351        | HC-S9E      | BHCKB780    | If HC-S9 (columns A through G) (previous) is greater than zero, then HC-S9 (columns A through G) (current) should be greater than zero.                  | if bhckb780-q2 gt 0 then bhckb780-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S9E      | BHCKB780    | HC-S9E should not be null and should not be negative.  | bhckb780 ne null and bhckb780 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7351        | HC-S9F      | BHCKB781    | If HC-S9 (columns A through G) (previous) is greater than zero, then HC-S9 (columns A through G) (current) should be greater than zero.                  | if bhckb781-q2 gt 0 then bhckb781-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S9F      | BHCKB781    | HC-S9F should not be null and should not be negative.  | bhckb781 ne null and bhckb781 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7351        | HC-S9G      | BHCKB782    | If HC-S9 (columns A through G) (previous) is greater than zero, then HC-S9 (columns A through G) (current) should be greater than zero.                  | if bhckb782-q2 gt 0 then bhckb782-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S9G      | BHCKB782    | HC-S9G should not be null and should not be negative.  | bhckb782 ne null and bhckb782 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7355        | HC-S10A     | BHCKB783    | If HC-S10 (columns A through G) (previous) is greater than zero, then HC-S10 (columns A through G) (current) should be greater than zero.                | if bhckb783-q2 gt 0 then bhckb783-q1 gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S10A     | BHCKB783    | HC-S10A should not be null and should not be negative.   | bhckb783 ne null and bhckb783 ge 0   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7355        | HC-S10B     | BHCKB784    | If HC-S10 (columns A through G) (previous) is greater than zero, then HC-S10 (columns A through G) (current) should be greater than zero. | if bhckb784-q2 gt 0 then bhckb784-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S10B     | BHCKB784    | HC-S10B should not be null and should not be negative.  | bhckb784 ne null and bhckb784 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7355        | HC-S10C     | BHCKB785    | If HC-S10 (columns A through G) (previous) is greater than zero, then HC-S10 (columns A through G) (current) should be greater than zero. | if bhckb785-q2 gt 0 then bhckb785-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S10C     | BHCKB785    | HC-S10C should not be null and should not be negative.  | bhckb785 ne null and bhckb785 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7355        | HC-S10D     | BHCKB786    | If HC-S10 (columns A through G) (previous) is greater than zero, then HC-S10 (columns A through G) (current) should be greater than zero. | if bhckb786-q2 gt 0 then bhckb786-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S10D     | BHCKB786    | HC-S10D should not be null and should not be negative.  | bhckb786 ne null and bhckb786 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7355        | HC-S10E     | BHCKB787    | If HC-S10 (columns A through G) (previous) is greater than zero, then HC-S10 (columns A through G) (current) should be greater than zero. | if bhckb787-q2 gt 0 then bhckb787-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S10E     | BHCKB787    | HC-S10E should not be null and should not be negative.  | bhckb787 ne null and bhckb787 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7355        | HC-S10F     | BHCKB788    | If HC-S10 (columns A through G) (previous) is greater than zero, then HC-S10 (columns A through G) (current) should be greater than zero. | if bhckb788-q2 gt 0 then bhckb788-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S10F     | BHCKB788    | HC-S10F should not be null and should not be negative.  | bhckb788 ne null and bhckb788 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7355        | HC-S10G     | BHCKB789    | If HC-S10 (columns A through G) (previous) is greater than zero, then HC-S10 (columns A through G) (current) should be greater than zero. | if bhckb789-q2 gt 0 then bhckb789-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S10G     | BHCKB789    | HC-S10G should not be null and should not be negative.  | bhckb789 ne null and bhckb789 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7361        | HC-S11A     | BHCKB790    | If HC-S11 (columns A through G) (previous) is greater than zero, then HC-S11 (columns A through G) (current) should be greater than zero. | if bhckb790-q2 gt 0 then bhckb790-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S11A     | BHCKB790    | HC-S11A should not be null and should not be negative.  | bhckb790 ne null and bhckb790 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7361        | HC-S11B     | BHCKB791    | If HC-S11 (columns A through G) (previous) is greater than zero, then HC-S11 (columns A through G) (current) should be greater than zero. | if bhckb791-q2 gt 0 then bhckb791-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S11B     | BHCKB791    | HC-S11B should not be null and should not be negative.  | bhckb791 ne null and bhckb791 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7361        | HC-S11C     | BHCKB792    | If HC-S11 (columns A through G) (previous) is greater than zero, then HC-S11 (columns A through G) (current) should be greater than zero. | if bhckb792-q2 gt 0 then bhckb792-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S11C     | BHCKB792    | HC-S11C should not be null and should not be negative.  | bhckb792 ne null and bhckb792 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7361        | HC-S11D     | BHCKB793    | If HC-S11 (columns A through G) (previous) is greater than zero, then HC-S11 (columns A through G) (current) should be greater than zero. | if bhckb793-q2 gt 0 then bhckb793-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S11D     | BHCKB793    | HC-S11D should not be null and should not be negative.  | bhckb793 ne null and bhckb793 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7361        | HC-S11E     | BHCKB794    | If HC-S11 (columns A through G) (previous) is greater than zero, then HC-S11 (columns A through G) (current) should be greater than zero. | if bhckb794-q2 gt 0 then bhckb794-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S11E     | BHCKB794    | HC-S11E should not be null and should not be negative.  | bhckb794 ne null and bhckb794 ge 0        |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7361        | HC-S11F     | BHCKB795    | If HC-S11 (columns A through G) (previous) is greater than zero, then HC-S11 (columns A through G) (current) should be greater than zero. | if bhckb795-q2 gt 0 then bhckb795-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S11F     | BHCKB795    | HC-S11F should not be null and should not be negative.  | bhckb795 ne null and bhckb795 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7361        | HC-S11G     | BHCKB796    | If HC-S11 (columns A through G) (previous) is greater than zero, then HC-S11 (columns A through G) (current) should be greater than zero. | if bhckb796-q2 gt 0 then bhckb796-q1 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S11G     | BHCKB796    | HC-S11G should not be null and should not be negative.  | bhckb796 ne null and bhckb796 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7362        | HC-S12A     | BHCKB797    | HC-S12A should be less than or equal to HC-S11A.  | bhckb797 le bhckb790                      |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7373        | HC-S12A     | BHCKB797    | If HC-S11 (columns A through G) is greater than \$100 thousand, HC-S12 (columns A through G) should be greater than zero.                 | if bhckb790 gt 100 then bhckb797 gt 0     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S12A     | BHCKB797    | HC-S12A should not be null and should not be negative.  | bhckb797 ne null and bhckb797 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7364        | HC-S12B     | BHCKB798    | HC-S12B should be less than or equal to HC-S11B.  | bhckb798 le bhckb791                      |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7373        | HC-S12B     | BHCKB798    | If HC-S11 (columns A through G) is greater than \$100 thousand, HC-S12 (columns A through G) should be greater than zero.                 | if bhckb791 gt 100 then bhckb798 gt 0     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S12B     | BHCKB798    | HC-S12B should not be null and should not be negative.  | bhckb798 ne null and bhckb798 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7366        | HC-S12C     | BHCKB799    | HC-S12C should be less than or equal to HC-S11C.  | bhckb799 le bhckb792                      |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7373        | HC-S12C     | BHCKB799    | If HC-S11 (columns A through G) is greater than \$100 thousand, HC-S12 (columns A through G) should be greater than zero.                 | if bhckb792 gt 100 then bhckb799 gt 0     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S12C     | BHCKB799    | HC-S12C should not be null and should not be negative.  | bhckb799 ne null and bhckb799 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7368        | HC-S12D     | BHCKB800    | HC-S12D should be less than or equal to HC-S11D.  | bhckb800 le bhckb793                      |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7373        | HC-S12D     | BHCKB800    | If HC-S11 (columns A through G) is greater than \$100 thousand, HC-S12 (columns A through G) should be greater than zero.                 | if bhckb793 gt 100 then bhckb800 gt 0     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S12D     | BHCKB800    | HC-S12D should not be null and should not be negative.  | bhckb800 ne null and bhckb800 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7369        | HC-S12E     | BHCKB801    | HC-S12E should be less than or equal to HC-S11E.  | bhckb801 le bhckb794                      |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7373        | HC-S12E     | BHCKB801    | If HC-S11 (columns A through G) is greater than \$100 thousand, HC-S12 (columns A through G) should be greater than zero.                 | if bhckb794 gt 100 then bhckb801 gt 0     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S12E     | BHCKB801    | HC-S12E should not be null and should not be negative.  | bhckb801 ne null and bhckb801 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7371        | HC-S12F     | BHCKB802    | HC-S12F should be less than or equal to HC-S11F.  | bhckb802 le bhckb795                      |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7373        | HC-S12F     | BHCKB802    | If HC-S11 (columns A through G) is greater than \$100 thousand, HC-S12 (columns A through G) should be greater than zero.                 | if bhckb795 gt 100 then bhckb802 gt 0     |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S12F     | BHCKB802    | HC-S12F should not be null and should not be negative.  | bhckb802 ne null and bhckb802 ge 0        |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7372        | HC-S12G     | BHCKB803    | HC-S12G should be less than or equal to HC-S11G.  | bhckb803 le bhckb796                      |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7373        | HC-S12G     | BHCKB803    | If HC-S11 (columns A through G) is greater than \$100 thousand, HC-S12 (columns A through G) should be greater than zero.   | if bhckb796 gt 100 then bhckb803 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7374        | HC-S12G     | BHCKB803    | If the sum of HC-S12 (columns A through G) (previous) is greater than \$500 thousand, then the sum of HC-S12 (columns A through G) (current) should be greater than zero            | if (bhckb797-q2 + bhckb798-q2 + bhckb799-q2 + bhckb800-q2 + bhckb801-q2 + bhckb802-q2 + bhckb803-q2) gt 500 then (bhckb797-q1 + bhckb798-q1 + bhckb799-q1 + bhckb800-q1 + bhckb801-q1 + bhckb802-q1 + bhckb803-q1) gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-S12G     | BHCKB803    | HC-S12G should not be null and should not be negative.  | bhckb803 ne null and bhckb803 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7375        | HC-SM1a     | BHCKA249    | If HC-SM1a (previous) is greater than zero, then HC-SM1a (current) should be greater than zero.   | if bhcka249-q2 gt 0 then bhcka249-q1 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7381        | HC-SM1a     | BHCKA249    | If HC-SM1a is greater than zero, then HC-SM1b should be greater than zero.  | if bhcka249 gt 0 then bhcka250 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7382        | HC-SM1a     | BHCKA249    | If HC-SM1b is greater than zero, then HC-SM1a should be greater than zero.  | if bhcka250 gt 0 then bhcka249 gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-SM1a     | BHCKA249    | HC-SM1a should not be null and should not be negative.  | bhcka249 ne null and bhcka249 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-SM1b     | BHCKA250    | HC-SM1b should not be null and should not be negative.  | bhcka250 ne null and bhcka250 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7385        | HC-SM2a     | BHCKB804    | If HC-S11A is less than HC-SM2a and HC-S11A is not equal to HC-S12A, then the sum of HC-S2aA, HC-S2bA, HC-S2cA and HC-S9A should be greater than zero.                              | if (bhckb790 lt bhckb804) and (bhckb790 ne bhckb797) then (bhckb712 + bhckc393 + bhckc400 + bhckb776) gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-SM2a     | BHCKB804    | HC-SM2a should not be null and should not be negative.  | bhckb804 ne null and bhckb804 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-SM2b     | BHCKB805    | HC-SM2b should not be null and should not be negative.  | bhckb805 ne null and bhckb805 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7400        | HC-SM2c     | BHCKA591    | If the sum of (HC-SM2a through HC-SM2c) (previous) is greater than \$10 million, then the sum of (HC-SM2a through HC-SM2c) (current) should be greater than zero.                   | if (bhckb804-q2 + bhckb805-q2 + bhcka591-q2) gt 10000 then (bhckb804-q1 + bhckb805-q1 + bhcka591-q1) gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7405        | HC-SM2c     | BHCKA591    | For March, if HI-5f is greater than \$250 thousand, then the sum of HC-SM2a through HC-SM2c should be greater than zero.  | if (mm-q1 eq 03) and bhckb492 gt 250 then (bhckb804 + bhckb805 + bhcka591) gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7407        | HC-SM2c     | BHCKA591    | For June, September, and December, if HI-5f (current minus previous) is greater than \$250 thousand, then the sum of HC-SM2a through HC-SM2c (current) should be greater than zero. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb492-q1 - bhckb492-q2) gt 250 then (bhckb804-q1 + bhckb805-q1 + bhcka591-q1) gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-SM2c     | BHCKA591    | HC-SM2c should not be null and should not be negative.  | bhcka591 ne null and bhcka591 ge 0  |
| FRY9C  | 20090331             | 99991231           | Added       | HC-S     | Quality     | 9560        | HC-SM2d     | BHCKF699    | HC-SM2d should not be null and should not be negative.  | bhckf699 ne null and bhckf699 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-SM3a1    | BHCKB806    | HC-SM3a1 should not be null and should not be negative.   | bhckb806 ne null and bhckb806 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7410        | HC-SM3a2    | BHCKB807    | If the sum of HC-SM3a1 (previous) and HC-SM3a2 (previous) is greater than zero, then the sum of HC-SM3a1 (current) and HC-SM3a2 (current) should be greater than zero.              | if (bhckb806-q2 + bhckb807-q2) gt 0 then (bhckb806-q1 + bhckb807-q1) gt 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-SM3a2    | BHCKB807    | HC-SM3a2 should not be null and should not be negative.   | bhckb807 ne null and bhckb807 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-SM3b1    | BHCKB808    | HC-SM3b1 should not be null and should not be negative.   | bhckb808 ne null and bhckb808 ge 0  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Intraseries | 7420        | HC-SM3b2    | BHCKB809    | If the sum of HC-SM3b1 (previous) and HC-SM3b2 (previous) is greater than zero, then the sum of HC-SM3b1 (current) and HC-SM3b2 (current) should be greater than zero.  | if (bhckb808-q2 + bhckb809-q2 ) gt 0 then (bhckb808-q1 + bhckb809-q1 ) gt 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 9560        | HC-SM3b2    | BHCKB809    | HC-SM3b2 should not be null and should not be negative.   | bhckb809 ne null and bhckb809 ge 0   |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7430        | HC-SM4      | BHCKC407    | If the sum of HC-C6aA, HC-S1C, and HC-S6aC is greater than \$500 million or [the sum of HC-C6aA and HC-S1C divided by the sum of HC-C12A and HC-S1C is greater than 50% and the sum of HC-C12A and HC-S1C divided by the sum of HC-12 and HC-S1C is greater than 50%] and HC-S1C is greater than \$100 thousand, then HC-SM4 should be greater than zero. | if (((bhckb538 + bhckb707 + bhckb762) gt 500000) or (((bhckb538 + bhckb707)/(bhck2122 + bhckb707))*100 gt 50) and (((bhck2122 + bhckb707)/(bhck2170 + bhckb707))*100 gt 50))) and bhckb707 gt 100 then bhckc407 gt 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | HC-S     | Quality     | 7440        | HC-SM4      | BHCKC407    | HC-SM4 should be less than or equal to 10% of HC-S1C.   | bhckc407 le (bhckb707 * .10)   |
| FRY9C  | 20120630             | 99991231           | Revised     | HC-S     | Quality     | 9560        | HC-SM4      | BHCKC407    | HC-SM4 should not be negative.  | bhckc407 ge 0 or bhckc407 eq null  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 9565        | HC-V1aA     | BHCKJ981    | HC-V1aA should not be null and should not be negative.  | bhckj981 ne null and bhckj981 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 9565        | HC-V1aB     | BHCKJ982    | HC-V1aB should not be null and should not be negative.  | bhckj982 ne null and bhckj982 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 0432        | HC-V1aC     | BHCKJ983    | Sum of HC-V1aA through HC-V1aC should be less than or equal to the sum of HC-1a through HC-1b2.   | (bhckj981 + bhckj982 + bhckj983) le (bhck0081 + bhck0395 + bhck0397)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 9565        | HC-V1aC     | BHCKJ983    | HC-V1aC should not be null and should not be negative.  | bhckj983 ne null and bhckj983 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 9565        | HC-V1bA     | BHCKJ984    | HC-V1bA should not be null and should not be negative.  | bhckj984 ne null and bhckj984 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 9565        | HC-V1bB     | BHCKJ985    | HC-V1bB should not be null and should not be negative.  | bhckj985 ne null and bhckj985 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 0440        | HC-V1bC     | BHCKJ986    | Sum of HC-V1bA through HC-V1bC should be less than or equal to HC-2a.   | (bhckj984 + bhckj985 + bhckj986) le bhck1754   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 9565        | HC-V1bC     | BHCKJ986    | HC-V1bC should not be null and should not be negative.  | bhckj986 ne null and bhckj986 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 9565        | HC-V1cA     | BHCKJ987    | HC-V1cA should not be null and should not be negative.  | bhckj987 ne null and bhckj987 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 9565        | HC-V1cB     | BHCKJ988    | HC-V1cB should not be null and should not be negative.  | bhckj988 ne null and bhckj988 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 0441        | HC-V1cC     | BHCKJ989    | Sum of HC-V1cA through HC-V1cC should be less than or equal to HC-2b.   | (bhckj987 + bhckj988 + bhckj989) le bhck1773   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 9565        | HC-V1cC     | BHCKJ989    | HC-V1cC should not be null and should not be negative.  | bhckj989 ne null and bhckj989 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 9565        | HC-V1dA     | BHCKJ990    | HC-V1dA should not be null and should not be negative.  | bhckj990 ne null and bhckj990 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 9565        | HC-V1dB     | BHCKJ991    | HC-V1dB should not be null and should not be negative.  | bhckj991 ne null and bhckj991 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 0442        | HC-V1dC     | BHCKJ992    | Sum of HC-V1dA through HC-V1dC should be less than or equal to HC-3b.   | (bhckj990 + bhckj991 + bhckj992) le bhckb989   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 9565        | HC-V1dC     | BHCKJ992    | HC-V1dC should not be null and should not be negative.  | bhckj992 ne null and bhckj992 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 9565        | HC-V1eA     | BHCKJ993    | HC-V1eA should not be null and should not be negative.  | bhckj993 ne null and bhckj993 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 9565        | HC-V1eB     | BHCKJ994    | HC-V1eB should not be null and should not be negative.  | bhckj994 ne null and bhckj994 ge 0   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality     | 0443        | HC-V1eC     | BHCKJ995    | Sum of HC-V1eA through HC-V1eC should be less than or equal to HC-4a.   | (bhckj993 + bhckj994 + bhckj995) le bhck5369   |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1eC     | BHCKJ995    | HC-V1eC should not be null and should not be negative.                      | bhckj995 ne null and bhckj995 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1fA     | BHCKJ996    | HC-V1fA should not be null and should not be negative.                      | bhckj996 ne null and bhckj996 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1fB     | BHCKJ997    | HC-V1fB should not be null and should not be negative.                      | bhckj997 ne null and bhckj997 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 0444        | HC-V1fC     | BHCKJ998    | Sum of HC-V1fA through HC-V1fC should be less than or equal to HC-4b.       | (bhckj996 + bhckj997 + bhckj998) le bhckb528                                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1fC     | BHCKJ998    | HC-V1fC should not be null and should not be negative.                      | bhckj998 ne null and bhckj998 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1gA     | BHCKJ999    | HC-V1gA should not be null and should not be negative.                      | bhckj999 ne null and bhckj999 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1gB     | BHCKK001    | HC-V1gB should not be null and should not be negative.                      | bhckk001 ne null and bhckk001 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 0458        | HC-V1gC     | BHCKK002    | Sum of HC-V1gA through HC-V1gC should be less than or equal to HC-4c.       | (bhckj999 + bhckk001 + bhckk002) le bhck3123                                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1gC     | BHCKK002    | HC-V1gC should not be null and should not be negative.                      | bhckk002 ne null and bhckk002 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1hA     | BHCKK003    | HC-V1hA should not be null and should not be negative.                      | bhckk003 ne null and bhckk003 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1hB     | BHCKK004    | HC-V1hB should not be null and should not be negative.                      | bhckk004 ne null and bhckk004 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1hC     | BHCKK005    | HC-V1hC should not be null and should not be negative.                      | bhckk005 ne null and bhckk005 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1iA     | BHCKK006    | HC-V1iA should not be null and should not be negative.                      | bhckk006 ne null and bhckk006 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1iB     | BHCKK007    | HC-V1iB should not be null and should not be negative.                      | bhckk007 ne null and bhckk007 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 0436        | HC-V1iC     | BHCKK008    | The sum of HC-V1iA through HC-V1iC should be less than or equal to HC-Q5aA. | (bhckk006 + bhckk007 + bhckk008) le bhct3543                                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 0459        | HC-V1iC     | BHCKK008    | Sum of HC-V1hA through HC-V1iC should be less than or equal to HC-5.        | (bhckk003 + bhckk004 + bhckk005 + bhckk006 + bhckk007 + bhckk008) le bhck3545 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1iC     | BHCKK008    | HC-V1iC should not be null and should not be negative.                      | bhckk008 ne null and bhckk008 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1jA     | BHCKK009    | HC-V1jA should not be null and should not be negative.                      | bhckk009 ne null and bhckk009 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1jB     | BHCKK010    | HC-V1jB should not be null and should not be negative.                      | bhckk010 ne null and bhckk010 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 0460        | HC-V1jC     | BHCKK011    | Sum of HC-V1jA through HC-V1jC should be less than or equal to HC-7.        | (bhckk009 + bhckk010 + bhckk011) le bhck2150                                  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1jC     | BHCKK011    | HC-V1jC should not be null and should not be negative.                      | bhckk011 ne null and bhckk011 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1kA     | BHCKK012    | HC-V1kA should not be null and should not be negative.                      | bhckk012 ne null and bhckk012 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1kB     | BHCKK013    | HC-V1kB should not be null and should not be negative.                      | bhckk013 ne null and bhckk013 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V1kC     | BHCKK014    | HC-V1kC should not be null and should not be negative.                      | bhckk014 ne null and bhckk014 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V2aA     | BHCKK015    | HC-V2aA should not be null and should not be negative.                      | bhckk015 ne null and bhckk015 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V2aB     | BHCKK016    | HC-V2aB should not be null and should not be negative.                      | bhckk016 ne null and bhckk016 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 0462        | HC-V2aC     | BHCKK017    | Sum of HC-V2aA through HC-V2aC should be less than or equal to HC-14b.      | (bhckk015 + bhckk016 + bhckk017) le bhckb995                                  |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|--|---|
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V2aC     | BHCKK017    | HC-V2aC should not be null and should not be negative.   | bhckk017 ne null and bhckk017 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V2bA     | BHCKK018    | HC-V2bA should not be null and should not be negative.   | bhckk018 ne null and bhckk018 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V2bB     | BHCKK019    | HC-V2bB should not be null and should not be negative.   | bhckk019 ne null and bhckk019 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 0437        | HC-V2bC     | BHCKK020    | The sum of HC-V2bA through HC-V2bC should be less than or equal to HC-Q10aA.                       | (bhckk018 + bhckk019 + bhckk020) le bhct3547  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 0463        | HC-V2bC     | BHCKK020    | Sum of HC-V2bA through HC-V2bC should be less than or equal to HC-15.                              | (bhckk018 + bhckk019 + bhckk020) le bhck3548  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V2bC     | BHCKK020    | HC-V2bC should not be null and should not be negative.   | bhckk020 ne null and bhckk020 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V2cA     | BHCKK021    | HC-V2cA should not be null and should not be negative.   | bhckk021 ne null and bhckk021 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V2cB     | BHCKK022    | HC-V2cB should not be null and should not be negative.   | bhckk022 ne null and bhckk022 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 0461        | HC-V2cC     | BHCKK023    | The sum of HC-V2cA through HC-V2cC should be less than or equal to HC-M14a                         | (bhckk021 + bhckk022 + bhckk023) le bhck2309  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V2cC     | BHCKK023    | HC-V2cC should not be null and should not be negative.   | bhckk023 ne null and bhckk023 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V2dA     | BHCKK024    | HC-V2dA should not be null and should not be negative.   | bhckk024 ne null and bhckk024 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V2dB     | BHCKK025    | HC-V2dB should not be null and should not be negative.   | bhckk025 ne null and bhckk025 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 0464        | HC-V2dC     | BHCKK026    | The sum of HC-V2dA through HC-V2dC should be less than or equal to the sum of HC-M14b and HC-M14c  | (bhckk024 + bhckk025 + bhckk026) le (bhck2332 + bhck2333)   |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V2dC     | BHCKK026    | HC-V2dC should not be null and should not be negative.   | bhckk026 ne null and bhckk026 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V2eA     | BHCKK027    | HC-V2eA should not be null and should not be negative.   | bhckk027 ne null and bhckk027 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V2eB     | BHCKK028    | HC-V2eB should not be null and should not be negative.   | bhckk028 ne null and bhckk028 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V2eC     | BHCKK029    | HC-V2eC should not be null and should not be negative.   | bhckk029 ne null and bhckk029 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V3A      | BHCKK030    | HC-V3A should not be null and should not be negative.  | bhckk030 ne null and bhckk030 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V3B      | BHCKK031    | HC-V3B should not be null and should not be negative.  | bhckk031 ne null and bhckk031 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 0438        | HC-V3C      | BHCKK032    | The sum of HC-V1aA through HC-V1kC and HC-V3A through HC-V3C should be less than or equal to HC-12 | (bhckj981 + bhckj982 + bhckj983 + bhckj984 + bhckj985 + bhckj986 + bhckj987 + bhckj988 + bhckj989 + bhckj990 + bhckj991 + bhckj992 + bhckj993 + bhckj994 + bhckj995 + bhckj996 + bhckj997 + bhckj998 + bhckj999 + bhckk001 + bhckk002 + bhckk003 + bhckk004 + bhckk005 + bhckk006 + bhckk007 + bhckk008 + bhckk009 + bhckk010 + bhckk011 + bhckk012 + bhckk013 + bhckk014 + bhckk030 + bhckk031 + bhckk032) le bhck2170 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V3C      | BHCKK032    | HC-V3C should not be null and should not be negative.  | bhckk032 ne null and bhckk032 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V4A      | BHCKK033    | HC-V4A should not be null and should not be negative.  | bhckk033 ne null and bhckk033 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V     | Quality   | 9565        | HC-V4B      | BHCKK034    | HC-V4B should not be null and should not be negative.  | bhckk034 ne null and bhckk034 ge 0  |

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| FRY9C  | 20110331             | 99991231           | Added       | HC-V                               | Quality   | 0465        | HC-V4C      | BHCKK035    | The sum of HC-V2aA through HC-V2eC and HC-V4A through HC-V4C should be less than or equal to HC-21 | (bhckk015 + bhckk016 + bhckk017 + bhckk018 + bhckk019 + bhckk020 + bhckk021 + bhckk022 + bhckk023 + bhckk024 + bhckk025 + bhckk026 + bhckk027 + bhckk028 + bhckk029 + bhckk033 + bhckk034 + bhckk035) le bhck2948 |
| FRY9C  | 20110331             | 99991231           | Added       | HC-V                               | Quality   | 9565        | HC-V4C      | BHCKK035    | HC-V4C should not be null and should not be negative.  | bhckk035 ne null and bhckk035 ge 0  |
| FRY9C  | 20080331             | 99991231           | No Change   | NBS-P                              | Quality   | 9570        | NBS-P1      | BHBC3516    | NBS-P1 should not be negative.   | bhbc3516 ge 0 or bhbc3516 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | NBS-P                              | Quality   | 9570        | NBS-P2      | BHBC3402    | NBS-P2 should not be negative.   | bhbc3402 ge 0 or bhbc3402 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | NBS-P                              | Quality   | 9570        | NBS-P3      | BHBC3368    | NBS-P3 should not be negative.   | bhbc3368 ge 0 or bhbc3368 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | NBS-P                              | Quality   | 9570        | NBS-P4      | BHBC3519    | NBS-P4 should not be negative.   | bhbc3519 ge 0 or bhbc3519 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P                              | Quality   | 9330        | NIS-P7b     | BHBCC216    | NIS-P7b should not be negative.  | bhbcc216 ge 0 or bhbcc216 eq null   |
| FRY9C  | 20080331             | 99991231           | No Change   | NIS-P                              | Quality   | 5599        | NIS-P8      | BHBC4301    | Sum of NIS-P3, NIS-P5 and NIS-P6 minus the sum of NIS-P4 and NIS-P7 should equal NIS-P8.           | ((bhbc4074 + bhbc4079 + bhbc4091) - (bhbc4230 + bhbc4093)) eq bhbc4301  |
| FRY9C  | 20110331             | 99991231           | Revised     | Notes to the Balance Sheet - Other | Quality   | 9580        | NBS1        | BHCKK141    | NBS1 should not be null and should not be negative.  | bhckk141 ne null and bhckk141 ge 0  |
| FRY9C  | 20110331             | 99991231           | Added       | Notes to the Balance Sheet - Other | Quality   | 0448        | NBS2        | BHCK5357    | If financial data is not equal to null or zero, then text data should not be null.                 | if bhck5357 ne null and bhck5357 ne 0 then text5357 ne null   |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Balance Sheet - Other | Quality   | 0449        | NBS2TX      | TEXT5357    | If text data is not equal to null, then financial data should not equal null or zero.              | if text5357 ne null then bhck5357 ne null and bhck5357 ne 0   |
| FRY9C  | 20110331             | 99991231           | Added       | Notes to the Balance Sheet - Other | Quality   | 0450        | NBS3        | BHCK5358    | If financial data is not equal to null or zero, then text data should not be null.                 | if bhck5358 ne null and bhck5358 ne 0 then text5358 ne null   |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Balance Sheet - Other | Quality   | 0451        | NBS3TX      | TEXT5358    | If text data is not equal to null, then financial data should not equal null or zero.              | if text5358 ne null then bhck5358 ne null and bhck5358 ne 0   |
| FRY9C  | 20110331             | 99991231           | Added       | Notes to the Balance Sheet - Other | Quality   | 0452        | NBS4        | BHCK5359    | If financial data is not equal to null or zero, then text data should not be null.                 | if bhck5359 ne null and bhck5359 ne 0 then text5359 ne null   |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Balance Sheet - Other | Quality   | 0453        | NBS4TX      | TEXT5359    | If text data is not equal to null, then financial data should not equal null or zero.              | if text5359 ne null then bhck5359 ne null and bhck5359 ne 0   |

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| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7608        | NBS5        | BHCK5360    | If financial data is not equal to null or zero, then text data should not be null.    | if bhck5360 ne null and bhck5360 ne 0 then text5360 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Balance Sheet - Other | Quality   | 7609        | NBS5TX      | TEXT5360    | If text data is not equal to null, then financial data should not equal null or zero. | if text5360 ne null then bhck5360 ne null and bhck5360 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7610        | NBS6        | BHCKB027    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb027 ne null and bhckb027 ne 0 then textb027 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Balance Sheet - Other | Quality   | 7611        | NBS6TX      | TEXTB027    | If text data is not equal to null, then financial data should not equal null or zero. | if textb027 ne null then bhckb027 ne null and bhckb027 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7612        | NBS7        | BHCKB028    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb028 ne null and bhckb028 ne 0 then textb028 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Balance Sheet - Other | Quality   | 7613        | NBS7TX      | TEXTB028    | If text data is not equal to null, then financial data should not equal null or zero. | if textb028 ne null then bhckb028 ne null and bhckb028 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7614        | NBS8        | BHCKB029    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb029 ne null and bhckb029 ne 0 then textb029 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Balance Sheet - Other | Quality   | 7615        | NBS8TX      | TEXTB029    | If text data is not equal to null, then financial data should not equal null or zero. | if textb029 ne null then bhckb029 ne null and bhckb029 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7616        | NBS9        | BHCKB030    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb030 ne null and bhckb030 ne 0 then textb030 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Balance Sheet - Other | Quality   | 7617        | NBS9TX      | TEXTB030    | If text data is not equal to null, then financial data should not equal null or zero. | if textb030 ne null then bhckb030 ne null and bhckb030 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7618        | NBS10       | BHCKB031    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb031 ne null and bhckb031 ne 0 then textb031 ne null |

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| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Balance Sheet - Other | Quality   | 7619        | NBS10TX     | TEXTB031    | If text data is not equal to null, then financial data should not equal null or zero. | if textb031 ne null then bhckb031 ne null and bhckb031 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7620        | NBS11       | BHCKB032    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb032 ne null and bhckb032 ne 0 then textb032 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Balance Sheet - Other | Quality   | 7621        | NBS11TX     | TEXTB032    | If text data is not equal to null, then financial data should not equal null or zero. | if textb032 ne null then bhckb032 ne null and bhckb032 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7622        | NBS12       | BHCKB033    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb033 ne null and bhckb033 ne 0 then textb033 ne null |
| FRY9C  | 20110630             | 99991231           | Revised     | Notes to the Balance Sheet - Other | Quality   | 7623        | NBS12TX     | TEXTB033    | If text data is not equal to null, then financial data should not equal null or zero. | if textb033 ne null then bhckb033 ne null and bhckb033 ne 0 |
| FRY9C  | 20080331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7624        | NBS13       | BHCKB034    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb034 ne null and bhckb034 ne 0 then textb034 ne null |