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Board of Governors of the Federal Reserve System

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Instructions for Preparation of  
**Consolidated Financial Statements for  
Holding Companies**

Reporting Form FR Y-9C

Effective ~~September 2018~~ **December 2019**

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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 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 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 Holding Companies

**For purposes of this report, all references to “bank(s)” and “associated bank(s)” are inclusive of “savings association(s)” unless otherwise noted.**

## GENERAL INSTRUCTIONS

### Who Must Report

#### A. Reporting Criteria

All bank holding companies, savings and loan holding companies,<sup>1</sup> securities holding companies and U.S. intermediate holding companies (collectively “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 holding company depend upon the size of the holding company, or other specific factors as determined by the appropriate Federal Reserve Bank. Holding companies must file the appropriate forms as described below:

- (1) **Holding Companies with Total Consolidated Assets of \$3 billion or More.** Holding companies with total consolidated assets of \$3 billion or more (the top tier of a multi-tiered holding company, when applicable) must file:
  - (a) *the Consolidated Financial Statements for 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 Holding Companies* (FR Y-9LP) quarterly, as of the last calendar day of March, June, September, and December.

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 for more information.

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

**For tiered holding companies.** When holding companies with total consolidated assets of \$3 billion, or more, own or control, or are owned or controlled by, other holding companies (i.e., are tiered holding companies), only the top-tier holding company must file the FR Y-9C for the consolidated 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 \$3 billion or more) must file the FR Y-9C.

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

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

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# General Instructions

semiannual basis, as of the last calendar day of June and December.<sup>2</sup>

**For tiered holding companies.** When holding companies with total consolidated assets of less than \$3 billion, own or control, or are owned or controlled by, other holding companies (i.e., are tiered holding companies), the top-tier holding company must file the FR Y-9SP for the top-tier parent company of the holding company. In addition, such tiered holding companies must also submit, or have the holding company subsidiary submit, a separate FR Y-9SP for each lower-tier holding company.

When a holding company that has total consolidated assets of less than \$3 billion is a subsidiary of a holding company that files the FR Y-9C, the holding company that has total consolidated assets of less than \$3 billion 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 holding company files its reports, or may be found on the Federal Reserve Board's public website ([www.federalreserve.gov/apps/reportforms](http://www.federalreserve.gov/apps/reportforms)).

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

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

2. The Reserve Bank with whom the reporting holding company files its reports may require that a holding company with total consolidated assets of less than \$3 billion 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 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 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.

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 holding company that reaches \$3 billion 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 holding companies must begin reporting the FR Y-9LP in March of the current year. If a top-tier holding company reaches \$3 billion or more in total consolidated assets due to a business combination, a transaction between entities under common control, or a branch acquisition that is not a business combination, then the 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, a transaction between entities under common control, or branch acquisition, and any lower-tier holding companies must begin reporting the FR Y-9LP with the first quarterly report date following the effective date. In general, once a holding company reaches or exceeds \$3 billion 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 holding companies should file a complete FR Y-9LP going forward). If a holding company's total consolidated assets should subsequently fall to less than \$3 billion for four consecutive quarters, then the holding company may revert to filing the FR Y-9SP (and any lower-tier holding companies in those organizations may revert to filing the FR Y-9SP).

## Where to Submit the Reports

### Electronic Submission

All holding companies must submit their completed reports electronically. Holding companies should contact their district Reserve Bank or go to [www.frbservices.org/](http://www.frbservices.org/)

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# General Instructions

centralbank/reportingcentral/index.html for procedures for electronic submission.

## When to Submit the Reports

The *Consolidated Financial Statements for 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 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 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 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

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

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

A holding company that is a private company, as defined in U.S. GAAP (and discussed in the Glossary entry for “public business entity”), is permitted to use private company accounting alternatives issued by the FASB when preparing its FR Y-9C report. If the Federal Reserve determines that a particular accounting principle within U.S. GAAP, including a private company accounting alternative, is inconsistent with the statutorily specified supervisory objectives, the Federal Reserve may prescribe an accounting principle for regulatory reporting purposes that is no less stringent than U.S. GAAP. In such a situation, a holding company would not be permitted to use that particular private company accounting alternative or other accounting principle within U.S. GAAP for FR Y-9C purposes. The Federal Reserve would provide appropriate notice in the event an accounting alternative or accounting principle was disallowed.

### Subsequent Events

Subsequent events are events or transactions that occur after the FR Y-9C balance sheet date, e.g., December 31, but before the FR Y-9C report is filed. Consistent with ASC Topic 855, Subsequent Events (formerly FASB Statement No. 165 “Subsequent Events”), an institution shall recognize in the FR Y-9C report the effects of all subsequent events (not addressed in other ASC Topics) that provide additional evidence about conditions that existed at the date of the FR Y-9C balance sheet (Schedule HC) including the estimates inherent in the process of preparing the FR Y-9C report e.g., a loss that has been incurred but not yet confirmed as of the FR Y-9C report balance sheet date.

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

For purposes of this report, the holding company should consolidate its subsidiaries on the same basis as it does for its annual reports to the SEC or, for those 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, holding companies should consolidate any company in which it owns more than 50 percent of the outstanding voting stock.

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# General Instructions

Each holding company shall account for any investments in unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the 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 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 holding company are to be *eliminated* in the consolidation and must be *excluded* from the *Consolidated Financial Statements for Holding Companies*. (For example, eliminate in the consolidation (1) loans made by the holding company to a consolidated subsidiary and the corresponding liability of the subsidiary to the holding company, (2) a consolidated subsidiary’s deposits in another holding company consolidated subsidiary and the corresponding cash or interest-bearing asset balance of the subsidiary, and (3) the intercompany interest income and expense related to such loans and deposits of the 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, holding companies should measure the subsidiaries’ total assets before eliminating intercompany transactions between the consolidated subsidiary and other offices or subsidiaries of the consolidated 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 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 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 holding company’s subsidiary not attributable, directly or indirectly, to the parent holding company. Report noncontrolling interests in the reporting 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 holding company in Schedule HI, item 13.

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

Some information in the *Consolidated Financial Statements for 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 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 holding company, and shall exclude all transactions between offices of the consolidated 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 holding company does not rest with the holding company because of legal or other reasons (e.g., the subsidiary is in



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# General Instructions

bankruptcy), the subsidiary is not required to be consolidated for purposes of the report.<sup>2</sup> Thus, the 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 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 Holding Companies* unless cash funds held by the bank in safekeeping for customers are commingled with the general assets of the reporting holding company. In such cases, the commingled funds would be reported in the *Consolidated Financial Statements for Holding Companies* as deposit liabilities of the holding company.

For 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 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 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 holding company has no consolidated subsidiaries that render services in any fiduciary capacity and its subsidiary banks have no trust departments. If the reporting 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. A holding company should leave blank memorandum items 9(a) through 9(d) of Schedule HI if the reporting 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.

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), or all of Schedule HC-R may leave these items blank.

There may be areas in which a 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 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 holding company submits this report).

## C. Rounding

For 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 holding companies with total assets of \$10 billion or more, all dollar amounts may be reported in thousands, but each holding company, at its option, may round the figures reported to the nearest million, with zeros reported for the thousands. For 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

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# General Instructions

rounded detail items should be adjusted so that the totals and the sums of their components are identical.

On the *Consolidated Financial Statements for 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. When reporting numeric amounts, including dollar amounts, commas should not be used to separate thousands, millions, and billions.

## 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)).”
- (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 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, Part I item 2, “Retained Earnings.”
- (17) Schedule HC-R, Part I item 3, “Accumulated Other Comprehensive Income (AOCI).”
- (18) Schedule HC-R, Part I item 9(a) “Net unrealized gains (losses) on available-for-sale securities.”
- (19) Schedule HC-R, Part I item 9(b) “Net unrealized loss on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures.”
- (20) Schedule HC-R, Part I item 9(c) “Accumulated net gains (losses) on cash flow hedges.”
- (21) Schedule HC-R, Part I item 9(d) “Amounts recorded in AOCI attributed to defined benefit postretirement plans resulting from the initial and subsequent application of the relevant GAAP standards that pertain to such plans.”
- (22) Schedule HC-R, Part I item 9(e) “Net unrealized gains (losses) on held-to-maturity securities that are included in AOCI.”
- (23) Schedule HC-R, Part I item 9(f) “Accumulated net gain (loss) on cash flow hedges included in AOCI, net of applicable income taxes, that relate to the hedging of items that are not recognized at fair value on the balance sheet.”
- (24) Schedule HC-R, Part I item 10(a) Unrealized net gain(loss) related to changes in the fair value of liabilities that are due to changes in own credit risk.
- (25) Schedule HC-R, Part I item 10(b) “All other deductions from (additions to) common equity tier 1 capital before threshold-based deductions.”
- (26) Schedule HC-R, Part I item 12, “Subtotal.”

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## General Instructions

- (27) Schedule HC-R, Part I item 19, “Common Equity Tier 1 capital”
- (28) Schedule HC-R Part I item 26, “Tier I Capital”
- (29) Schedule HC-R Part I item 35(a) and 35(b) “Total Capital”
- (30) Schedule HC-R Part I item 38, “Other deductions from (additions to) assets for leverage ratio purposes”
- (31) Schedule HC-R Part I item 41 through 44, Risk-based and leverage capital ratios, and
- (32) Schedule HC-R Part II column B, “Adjustments to Totals Reported in Column A,” for the asset categories in items 1 through 11”

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 holding company may request confidential treatment for the *Consolidated Financial Statements for Holding Companies* (FR Y-9C) if the 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 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 Holding Companies* must be signed by the Chief Financial Officer of the 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.

*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 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 holding company’s interpretation, the Federal Reserve may require the 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.



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## General Instructions

The Federal Reserve will consider the materiality of such event(s) or transaction(s) in making a determination about requiring the holding company to apply the Federal Reserve's interpretation and to amend previously submitted reports. Materiality is a qualitative characteristic of accounting information that is addressed in Financial Accounting Standards Board (FASB) Concepts Statement No. 8, "Conceptual Framework for Financial Reporting," as follows: "Information is material if omitting it or misstating it could influence decisions that users make on the basis of the financial information of a specific reporting entity." In other words, materiality is an entity-specific aspect of relevance based on the nature or magnitude or both of the items to which the information relates in the context of an individual entity's financial report.

The Federal Reserve may require the filing of amended *Consolidated Financial Statements for Holding Compa-*

*nies* if reports as previously submitted contain significant errors. In addition, a 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 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, 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, 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 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 all holding companies.

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 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 Transactions between Entities Under Common Control* – If the 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 holding company was involved in a transaction between entities under common control that became effective during the year-to-date reporting period and has been accounted for 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 transactions

between entities under common control, 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 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 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 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

# Schedule HI

some cases, GAAP requires a particular method of interest income recognition when the fair value option is elected. For example, when the 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 holding companies that have adopted Accounting Standards Update No. 2016-13 (ASU 2016-13), which governs the accounting for credit losses, when the fair value option has been applied to an acquired loan or debt security under ASC 326-20, “Financial Instruments—Credit Losses—Measured at Amortized Cost,” interest income on the loan or debt security should be measured in accordance with Subtopic 310-10, “Receivables—Overall,” regardless of whether or not management has determined the asset to be purchased credit deteriorated (PCD).

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, “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.

For holding companies that have adopted ASU 2016-13, which governs the accounting for credit losses, the purchase premiums and discounts on loans held for investment that management has determined to be PCD and are measured at amortized cost, should be adjusted to exclude the acquisition date allowance for credit loss from the amortized cost basis of the loans. For further information, see the Glossary entry “Purchased Credit Deteriorated (PCD) loans and debt securities.”

- (1) 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.”
- (2) 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 holding company’s loans.
- (3) Charges levied against overdrawn accounts based on the length of time the account has been overdrawn, the magnitude of the overdrawn balance, or which

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## Schedule HI

are otherwise equivalent to interest. See exclusion (6) below.

- (4) 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 holding company (report in Schedule HI, item 5(f), “Net servicing fees”).
- (2) Charges to merchants for the holding company’s handling of credit card or charge sales when the holding company does not carry the related loan accounts on its books (report as “Other noninterest income” in Schedule HI, item 5(l)). 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 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 holding company for the account of its customers. If the 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 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 holding companies with foreign offices and reportable in Schedule HC-C, items 1 through 9, for 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,

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# Schedule HI

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").

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

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

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

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

For holding companies that have adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule HI, item 8(b), also include dividend income on equity securities with

readily determinable fair values not held for trading that are reportable in Schedule HC, item 2(c).

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

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

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

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

*Exclude* from interest and dividend income on 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) For holding companies that have adopted ASU 2016-01, realized and unrealized gains (losses) on equity securities with readily determinable fair values not held for trading (report in Schedule HI, item 8(b)).
- (4) Income from advances to, or obligations of, majority-owned subsidiaries not consolidated, associated companies, and those corporate joint ventures over which the consolidated holding company exercises significant influence (report as "Noninterest income" in the appropriate subitem of Schedule HI, item 5).



# Schedule HI

## **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)," and item 6, "Other debt securities." For holding companies that have not adopted ASU 2016-01, include income from all securities reportable in Schedule HC-B, item 7, "Investments in mutual funds and other equity securities with readily determinable fair values." For holding companies that have adopted ASU 2016-01, include income from all securities reportable in Schedule HC, item 2(c), "Equity securities with readily determinable fair values not held for trading."

Exclude from interest and dividend income on all other securities:

- (1) Income from equity securities that do not have readily determinable fair values (report as "Other interest income" in Schedule HI, item 1(g)).
- (2) The consolidated holding company's proportionate share of the net income or loss from its common stock investments in domestic unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the consolidated holding company exercises significant influence (report income or loss before discontinued operations in the appropriate subitem of item 5 and report discontinued operations, net of applicable taxes and minority interest, in Schedule HI, item 11).

## **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 interest income and dividend income on assets other than those assets properly reported in Schedule HC, items 1-5.

- (1) Interest income on real estate sales contracts reportable in Schedule HC, item 7, "Other real estate owned."
- (2) Interest income from advances to, or obligations of, majority-owned subsidiaries not consolidated on this report, associated companies, and those corporate joint ventures over which the consolidated holding company exercises significant influence.

Exclude the consolidated holding company's proportionate share of the income or loss before discontinued operations from its common stock investments in unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the holding company exercises significant influence (report in item 5(1), "Other noninterest income") and the consolidated holding company's proportionate

1(e) is to be completed by holding companies with \$5 billion or more in total assets. Holding companies with less than \$5 billion in total assets should report interest income from trading assets in 1(g), Other interest income.

# Schedule HI

**(6) Include interest income from trading assets.**

share of discontinued operations of these entities (report in item 12, "Discontinued operations net of applicable taxes and minority interest").

- (3) Interest received on other assets not specified above.
- (4) Include interest income on receivables from foreclosures on fully and partially government-guaranteed mortgage loans that are reportable in Schedule HC-F, item 6.
- (5) Dividend income on equity investments without readily determinable fair values that are reportable in Schedule HC-F, item 4.

## **Line Item 1(h) Total interest income.**

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

## **Line Item 2 Interest expense.**

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

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

Exclude the cost of gifts or premiums (whether in the form of merchandise, credit, or cash) given to depositors at the time of the opening of a new account or an addition to, or renewal of, an existing account (report in Schedule HI, item 7(d), "Other noninterest expense").

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

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

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(1).

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

#### **Line Item 2(a)(1)(a) Interest on time deposits of \$250,000 or less.**

Report interest expense on all time deposits reportable in Schedule HC-E, items 1(d) and 2(d), "Time deposits of \$250,000 or less" in domestic offices of subsidiary commercial banks and in domestic offices of other subsidiary depository institutions.

#### **Line Item 2(a)(1)(b) Interest on time deposits of more than \$250,000.**

Report in this item all interest expense reportable in Schedule HC-E, items 1(e) and 2(e), "Time deposits of more than \$250,000" 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."

# Schedule HI

item 2(c) is to be completed by holding companies with \$5 billion or more in total assets. Holding companies with less than \$5 billion in total assets should report **Interest on trading liabilities and other borrowed money in 2(e), Other Interest Expense.**

## 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.

Include amortization of debt issuance costs associated with other borrowed money (unless the borrowed money reported at fair value under a fair value option, in which case issuance costs should be expensed as incurred).

## 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 debt and gross equity commitment notes.

Item 2(d) be completed by holding companies \$5 billion or more in total assets. Holding companies with less than \$5 billion in total assets should report **Interest on Subordinated notes and debentures in 2(e), Other Interest Expense.**

Include amortization of debt issuance costs associated with subordinated 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.

Holding companies that have not adopted ASU-2016-13, 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 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 losses and leases. The amount should equal Schedule HI-B, Part II,



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# Schedule HI

item 5, column A, "Provision for credit losses." Report negative amounts with a minus (-) sign.

Institutions that have adopted ASU 2016-13 should report amounts expensed as provisions for credit losses (or reversals of provisions) during the calendar year to date on assets within the scope of the ASU, i.e., financial assets measured at amortized cost (including loans held for investment and held-to-maturity debt securities), net investments in leases, and available-for-sale debt securities. Provisions for credit losses (or reversals of provisions) on financial assets measured at amortized cost and net investments in leases represent the amounts necessary to adjust the related allowances for credit losses at the quarter-end report date for management's current estimate of expected credit losses on these assets. Provisions for credit losses (or reversals of provisions) on available-for-sale debt securities represent changes during the calendar year to date in the amount of impairment related to credit losses on individual available-for-sale debt securities. Exclude the initial allowance gross-up amounts established upon the purchase of credit-deteriorated financial assets, which are recorded at the date of acquisition as an addition to the purchase price to determine the initial amortized cost basis of the assets. The amount reported in this item must equal the sum of Schedule HI-B, Part II, item 5, columns A through column C plus Schedule HI-B, Part II, Memorandum item 5. 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."

## **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 holding company's banking subsidiaries or by any of the 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 holding company have no trust departments and the 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 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.
- (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 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.



# Schedule HI

transactions in which the holding company acts as an agent for a third party issuer.

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

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

Report fees and commissions from sales of annuities

to other insurance underwriters/reinsurers in conjunction with reinsurance contracts.

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

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

## Line item 5(d)(6) Fees and commissions from securities brokerage, investment banking, advisory, and underwriting fees and commissions.

Holding companies with less than \$5 billion in consolidated assets should report in this item fees and commissions from securities brokerage, investment banking, advisory, and underwriting fees and commissions. See instructional guidance for line item 5(d)(1) and 5(d)(2) for more information.

## Line item 5(d)(7) Income from insurance activities.

Holding companies with less than \$5 billion in consolidated assets should report in this item income from insurance activities. See instructional guidance for line item 5(d)(3) through 5(d)(5) for more information.

capacity (report in Schedule HI, item 5(a), "Income from fiduciary activities").

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

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

Report the amount of premiums earned by holding company subsidiaries engaged in insurance underwriting

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

## Line Item 5(e) Venture capital revenue.

In general, venture capital activities involve the providing of funds, whether in the form of loans or equity, and technical and management assistance, when needed and

Item 5(e) is to be completed by holding companies \$5 billion or more in total assets. Holding companies with less than \$5 billion in total assets should report **Venture Capital Revenue in HI 5(L), Other noninterest expense.**

# Schedule HI

requested, to start-up or high-risk companies specializing in new technologies, ideas, products, or processes. The primary objective of these investments is capital growth.

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

Also include the holding company's proportionate share of the income or loss before discontinued operations from its investments in:

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

## Line Item 5(f) Net servicing fees.

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

## Line Item 5(g) Net securitization income.

Report net gains (losses) on assets sold in the holding company's own securitization transactions, i.e., net of transaction costs. Include unrealized losses (and recoveries of unrealized losses) on loans and leases held for sale in the holding company's own securitization transactions. Report fee income from securitizations, securitization conduits, and structured finance vehicles, including

fees for providing administrative support, liquidity support, interest rate risk management, credit enhancement support, and any additional support functions as an administrative agent, liquidity agent, hedging agent, or credit enhancement agent. Include all other fees (other than servicing fees and commercial paper placement fees) earned from the holding company's securitization and structured finance transactions.

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

## Line Item 5(h) Not applicable.

## Line Item 5(i) Net gains (losses) on sales of loans and leases.

Item 5(g) is to be completed by holding companies with \$5 billion or more in total consolidated assets. Holding companies with less than \$5 billion in total assets should report Net securitization income in **HI 5(L), Other noninterest expense.**

## 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



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## Schedule HI

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.**

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.

For holding companies that have not adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities (see the Note preceding the instructions for Schedule HI, item 8(b), also include net gains (losses) on sales of, and other-than-temporary impairments on, equity investments without readily determinable fair values not held-for-trading. Do not include net gains (losses) on sales and other disposals of held-to-maturity securities, available-for-sale securities, loans and leases (either directly or through securitization), other real estate owned, (report these net gains (losses) in the appropriate items of Schedule HI).

For holding companies that have adopted ASU 2016-01, do not include:

- (1) Unrealized holding gains (losses) on equity securities and other equity investments without readily determinable fair values not held for trading that are measured at fair value through earnings.
- (2) Impairment, if any, plus or minus changes resulting from observable price changes on equity securities and other equity investments without readily determinable fair values not held for trading for which this measurement election is made. These amounts should be reported in Schedule HI, item 8(b). Also do not include net gains (losses) on sales and other disposals of held-to-maturity securities, available-for-sale debt securities, equity securities with readily determinable fair values not held for trading, loans and leases (either directly or through securitization), trading assets, and other real estate owned (report these net gains (losses) in the appropriate items of Schedule HI).

### **Line Item 5(l) Other noninterest income.**

Report all operating income of the holding company for the calendar year to date not required to be reported elsewhere in Schedule HI. Disclose in Schedule HI, Memoranda items 6(a) through 6(j), each component of other noninterest income, and the dollar amount of such component, that is greater than \$100,000 and exceeds 7 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 \$100,000 and exceeds 7 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(g) for reporting the following components of other noninterest income if the component exceeds this disclosure threshold: income and fees from the printing and sale of checks, earnings 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, gains on bargain purchases, and income and fees from wire transfers. For each component of other noninterest income that exceeds this disclosure threshold for which a preprinted caption has not been provided describe the component with a clear but concise caption in Schedule HI, Memoranda items 6(h) through 6(j). 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(g), when components of "Other noninterest income" reflect a single credit for separate "bundled services" provided through third party vendors, disclose such amounts in the item with the preprinted caption that most closely describes the predominant type of income earned, and this categorization should be used consistently over time.

*Include* as other noninterest income:

- (1) Service charges, commissions, and fees for such services as:

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## Schedule HI

- (a) The rental of safe deposit boxes. (Report the amount of such fees in Schedule HI, Memoranda item 6(e), if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 5(l).)
  - (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.
  - (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 holding company subsidiary bank's automated teller machines or remote service units by depositors of other depository institutions. (Report the amount of such income and fees in Schedule HI, Memoranda item 6(c), if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 5(l).)
  - (l) Wire transfer services, except for wire transfers for which service charges or fees are levied on deposit accounts of the holding company's depositors, for which the income is to be reported in Schedule HI, item 5(b) "Service charges on deposit accounts." (Report the amount of income and fees from wire transfers in Schedule HI Memoranda item 6(g), if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 5(l).)
- (2) Income and fees from the sale and printing of checks. (Report the amount of such income and fees in Schedule HI-Memoranda item 6(a), if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 5(l).)
  - (3) Gross rentals and other income from all real estate reportable in Schedule HC, item 7, "Other real estate owned." (Report the amount of such income in Schedule HI-Memoranda item 6(d), if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 5(l).)
  - (4) Earnings on or other increases in the value of the cash surrender values of life insurance policies owned by the holding company's subsidiary bank(s). (Report the amount of such earnings or other increases in Schedule HI-Memoranda item 6(b) if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 5(l).)
  - (5) Annual or other periodic fees paid by holders of credit cards issued by the 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 holding company does not carry the related loan accounts on its books. 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. (Report the amount of such fees in Schedule HI, Memoranda item 6(f) if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 5(l).)

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## Schedule HI

- (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. 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 holding company sells a branch’s assets to another depository institution, which assumes the deposit liabilities of the branch). Holding companies should consistently report these net gains (losses) either in this item or in Schedule HI, item 7(d).
- (13) Net gains (losses) from all transactions involving foreign currency or foreign exchange other than trading transactions. 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 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 holding company’s proportionate share of the income or loss before discontinued operations from its investments in:
  - (a) Unconsolidated subsidiaries,
  - (b) Associated companies, and
  - (c) Corporate joint ventures, unincorporated joint ventures, and general partnerships over which the holding company exercises significant influence, and
  - (d) Noncontrolling investments in certain limited partnerships and limited liability companies (described in the Glossary entry for “equity method of accounting”),  
  
other than those that are principally engaged in investment banking, advisory, brokerage, or securities underwriting activities; venture capital activities; insurance and reinsurance underwriting activities; or insurance and annuity sales activities (the income from which should be reported in Schedule HI, items 5(d)(1) through 5(d)(5) and 5(e), as appropriate. *Exclude* the holding company’s proportionate share of discontinued operations of these entities (report in Schedule HI, item 11, “Discontinued operations, net of income taxes”).
- (20) Net gains (losses) on nonhedging derivative instruments held for purposes other than trading. Holding companies should consistently report these net gains (losses) either in this item or in Schedule HI, item 7(d). For further information, see the Glossary entry for “derivative contracts.”
- (21) Gross income generated by securities contributed to charitable contribution Clifford Trusts.
- (22) Income from ground rents and air rights.
- (23) Revaluation adjustments to the carrying value of all assets and liabilities reported in Schedule HC at fair value under a fair value option (excluding servicing assets and liabilities reported in Schedule HC, item 10(b), “Intangible assets,” and Schedule HC, item

# Schedule HI

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*).

(25)

**Line Item 5(m) Total noninterest income**

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

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

Report the net gain or loss realized during the calendar year-to-date from the sale, exchange, redemption, or retirement of all securities reportable in Schedule HC, item 2(a), "Held-to-maturity securities." The realized gain or loss is the difference between the sales price (excluding interest at the coupon rate accrued since the last interest payment date, if any) and the amortized cost. Institutions that have not adopted FASB Accounting Standards Update No. 2016-13 (ASU 2016-13), which governs the accounting for credit losses, should also include in this item other-than-temporary impairment losses on individual held-to-maturity securities that must be recognized in earnings. Also include in this item other-than-temporary impairment losses on individual held-to-maturity securities that must be recognized in earnings. For further information on the accounting for impairment of held-to-maturity securities, see the Glossary entry for "securities activities." If the amount to be reported in this item is a net loss, report with a minus (-) sign.

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

Holding companies that have adopted ASU 2016-13, which governs the accounting for credit losses, should

adjust the amortized cost of a held-to-maturity debt security for recoveries of any prior charge-offs when calculating the realized gain or loss on a security, such that the recovery of a previously charged off amount should be recorded before recognizing the gain.

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(l), "Other noninterest income," or item 7(d), "Other noninterest expense," as appropriate). (Refer to the Glossary entry for "coupon stripping" for further information.)

Holding companies less than \$5 billion should report trading revenue, venture capital revenue, and net securitization income in this line item.

**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. Holding companies that have not adopted ASU 2016-13 also include in this item other-than-temporary impairment losses on individual available-for-sale securities that must be recognized in earnings. For further information on the accounting for impairment of available-for-sale securities, see the Glossary entry for "securities activities." If the amount to be reported in this item is a net loss, report with a minus (-) sign.

Holding companies that have adopted ASU 2016-13 should adjust the amortized cost of an available-for-sale debt security for recoveries of any prior charge-offs when calculating the realized gain or loss on a security, such that recovery of a previously charged off amount should be recorded as a credit to the allowance for credit losses before recognizing the gain. Include in this item any write-off recorded when the fair value of an available-for-sale debt security is less than its amortized cost basis and (a) the institution intends to sell the security or (b) it is more likely than not that the institution will be required to sell the security before recovery of its amortized cost basis.



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For holding companies that have adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule HI, item 8(b)), include realized gains (losses) only on available-for-sale debt securities in item 6(b). Report realized and unrealized gains (losses) during the year-to-date reporting period on equity securities with readily determinable fair values not held for trading in Schedule HI, item 8(b).

Exclude:

- (1)
  - (a) For holding companies that have not adopted ASU 2016-10, the change in net unrealized holding gains (losses) on available-for-sale debt and equity securities during the calendar year to date (report in Schedule HI-A, item 12).
  - (b) For holding companies that have adopted ASU 2016-01, the change in net unrealized holding gains (losses) on available-for-sale debt securities during the calendar year to date (report in Schedule HI-A, item 12, "Other comprehensive income").
- (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(l), "Other noninterest income," or item 7(d), "Other noninterest expense," as appropriate). (Refer to the Glossary entry for "coupon stripping" for further information.)
- (4) Holding companies that have adopted ASU 2016-13, provisions for credit losses (and reversals of provisions) that increase (and decrease) the allowance for credit losses on available-for-sale debt securities (report in Schedule HI, item 4, "Provision for loan and lease losses").

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

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

Report salaries and benefits of all officers and employees of the 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 holding company.
- (3) Contributions to the consolidated 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 holding company is not the beneficiary.
- (5) Cost of office temporaries whether hired directly by the holding company or its consolidated subsidiaries or through an outside agency.
- (6) Workmen's compensation insurance premiums.
- (7) The net cost to the 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.
- (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 holding company or its consolidated subsidiaries.

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# Schedule HI

- (2) The cost of holding company or consolidated subsidiary newspapers and magazines prepared for distribution to holding company or its consolidated subsidiaries' officers and employees.
- (3) Premiums on life insurance policies for which the 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 holding company or its consolidated subsidiaries, including rentals by regular tenants of the holding company's or its consolidated subsidiaries' buildings, income received from short-term rentals of other facilities of the 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 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 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.
- (10) Cost of janitorial supplies and outside janitorial services.
- (11) Fuel, maintenance, and other expenses related to the use of holding company- or consolidated subsidiary-owned automobiles, airplanes, and other vehicles for 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 holding company and its consolidated subsidiaries in item 7(a), "Salaries and employee benefits").

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## Schedule HI

- (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, “Discontinued operations, net of applicable income taxes”).

A holding company that meets the definition of a private company in U.S. generally accepted accounting principles and has elected the accounting alternative for the amortization of goodwill in ASC Subtopic 350-20, Intangibles – Goodwill and Other – Goodwill (formerly FASB Statement No. 142, “Goodwill and Other Intangible Assets”), as amended by Accounting Standards Update No. 2014-02, “Accounting for Goodwill,” should report the amortization expense of goodwill in this item. Exclude goodwill amortization expense associated with discontinued operations (report such expense on a net-of-tax basis in Schedule HI, item 11, “Discontinued operations, net of applicable income taxes”). A private company that elects the accounting alternative for the subsequent measurement of goodwill should amortize each amortizable unit of goodwill on a straight-line basis over ten years (or less than ten years if the private company demonstrates that another useful life is more appropriate).

Except when the private company accounting alternative described above has been elected, goodwill should not be amortized. However, regardless of whether goodwill is amortized, it must be tested for impairment as described in the Glossary entry for “goodwill.”

Impairment losses on goodwill should be tested at the

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

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

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

When a reporting unit is to be disposed of in its entirety, goodwill of that reporting unit must be included in the carrying amount of the reporting unit in determining the gain or loss on disposal. When a portion of a reporting unit that constitutes a business is to be disposed of, goodwill associated with that business must be included in the carrying amount of the business in determining the

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# Schedule HI

gain or loss on disposal. Otherwise, a holding company may not remove goodwill from its balance sheet, for example, by “selling” or “dividending” this asset to its parent holding company or another affiliate.

## **Line Item 7(c)(2) Amortization expense and impairment losses for other intangible assets.**

Report the amortization expense of any impairment losses on “intangible assets” (other than goodwill and servicing assets) reportable in (Schedule HC-M item 12(c)). Under ASC Topic 350, Intangibles-Goodwill and Other (formerly FASB Statement No. 142, *Goodwill and Other Intangible Assets*), intangible assets that have indefinite useful lives should not be amortized but must be tested at least annually for impairment. Intangible assets that have finite useful lives must be amortized over their useful lives and must be reviewed for impairment in accordance with ASC Topic 360, Property, Plant, and Equipment (formerly FASB Statement No. 144, *Accounting for the Impairment of Long-Lived Assets*).

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

## **Line Item 7(d) Other noninterest expense.**

Report all operating expenses of the holding company for the calendar year-to-date not required to be reported elsewhere in Schedule HI. Disclose in Schedule HI, Memoranda items 7(a) through 7(p), each component of other noninterest expense, and the dollar amount of such component, that is greater than \$100,000 and exceeds 7 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 \$100,000 and exceeds 7 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(m) for reporting the following components of other noninterest expense if the component exceeds this disclosure threshold: data processing expenses; advertising and marketing expenses; directors’ fees; printing, stationery, and supplies; postage; legal fees and expenses; FDIC deposit

insurance assessments; accounting and auditing expenses; consulting and advisory expenses; automated teller machine (ATM) and interchange expenses; and telecommunications expenses; other real estate owned expense; and insurance expenses (not included in employee expense, premises and fixed asset expenses and other real estate owned expenses). For each component of other noninterest expense that exceeds this disclosure threshold for which a preprinted caption has not been provided describe the component with a clear but concise caption in Schedule HI, Memoranda items 7(n) through 7(p). These descriptions should not exceed 50 characters in length (including spacing between words).

For disclosure purposes in Schedule HI, memoranda items 7(a) through 7(m), when components of “Other noninterest expense” reflect a single charge for separate “bundled services” provided by third party vendors, disclose such amounts in the item with the preprinted caption that most closely describes the predominant type of expense incurred, and this categorization should be used consistently over time.

Include as other noninterest expense:

- (1) Fees paid to directors and advisory directors for attendance at board of directors or committee meetings (including travel and expense allowances). (Report the amount of such fees in Schedule HI, Memoranda item 7(c), if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 7(d).)
- (2) Premiums on fidelity insurance (blanket bond, excess employee dishonesty bond), directors’ and officers’ liability insurance, life insurance policies for which the holding company or its consolidated subsidiaries are the beneficiary and other insurance policies for which the premiums are not included in salaries and employee benefits, expenses of premises and fixed assets, and expenses of other real estate owned. (Report the amount of such insurance expenses in Schedule HI, Memoranda item 7(m), if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 7(d).)
- (3) Federal deposit insurance and Comptroller of the Currency assessment expense net of all assessment credits during the period. (Report the amount of such assessments in Schedule HI, Memoranda item



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## Schedule HI

7(g), if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 7(d).)

- (4) Legal fees and other direct costs incurred in connection with foreclosures and subsequent noninterest expenses related to holdings of real estate owned other than holding company (or its consolidated subsidiaries) premises (including depreciation charges or other write-downs if prescribed by law or by regulatory agencies or if otherwise appropriate). (Report the amount of such expenses in Schedule HI, Memoranda item 7(l), if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 7(d).)
- (5) Sales taxes, taxes based on the number of shares of holding company stock outstanding, taxes based on the consolidated holding company's total assets or total deposits, taxes based on the bank's gross revenues or gross receipts, capital stock taxes, and other taxes not included in other categories of expense. Exclude any foreign, state, and local taxes based on a net amount of revenues less expenses (report as applicable income taxes in item 9).
- (6) Cost of data processing services performed for the consolidated holding company by others. (Report the amount of such expenses in Schedule HI, Memoranda item 7(a), if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 7(d).)
- (7) Advertising, promotional, public relations, and business development expenses. Also include the cost of athletic activities in which officers and employees participate when the purpose may be construed to be for public relations with employee benefits only incidental to the activities. (Report the amount of such expenses in Schedule HI, Memoranda item 7(b), if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 7(d).)
- (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. 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 holding company or its consolidated subsidiaries. (Report the amount of such expenses in Schedule HI, Memoranda item 7(f), if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 7(d).)
- (15) Office supplies purchased, printing, and postage. (Report the amount of such expenses in either Schedule HI, Memoranda item 7(d) and or 7(e), if the amounts for each category is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 7(d).)
- (16) Telecommunications expenses, including any expenses associated with telephone, telegraph, cable, and internet services (including web page maintenance). (Report the amount of such expenses in Schedule HI, Memoranda item 7(k), if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 7(d).)
- (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.

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## Schedule HI

- (19) Losses from robberies, defalcations, and other criminal acts not covered by the consolidated holding company's blanket bond.
- (20) Travel and entertainment expenses, including costs incurred by officers and employees of the 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 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 holding company or its consolidated subsidiaries do not carry the related loan accounts on its books. Holding companies are also permitted to net these expenses against their charges to merchants for the holding company's handling of these sales reported in item 5(l) above.
- (25) The cost of newspapers and magazines of the 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. 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."
- (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. 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 holding company's debt extinguishments normally result in net gains over time, then the bank should consistently report its net gains (losses) in Schedule HI, item 5(l), "Other noninterest income."
- (34) Fees for accounting, auditing, and attestation services, retainer fees, and other fees and expenses paid to accountants and auditors who are not holding company officers or employees. (Report the amount of such expenses in Schedule HI, Memoranda item 7(h), if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 7(d).)
- (35) Fees for consulting and advisory services, retainer fees, and other fees and expenses paid to management consultants, investment advisors, and other professionals (other than attorneys providing legal services and accountants providing accounting, auditing, and attestation services) who are not holding company officers or employees. (Report the amount of such expenses in Schedule HI-Memoranda item 7(i), if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 7(d).)
- (36) Automated teller machine (ATM) and interchange expenses from bank card and credit card transactions. (Report the amount of such expenses in

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Schedule HI, Memoranda item 7(j), if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule HI, item 7(d).)

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, using the effective interest method, and report the expense in item 2(d) "Interest on subordinated notes and debentures." For further information, see the Glossary entry for "Debt issuance costs.")
- (2) Expenses incurred in the sale of preferred and common stock. (Deduct such expenses from the sale proceeds and credit the net amount to the appropriate stock account. For perpetual preferred and common stock only, report the net sales proceeds in Schedule HI-A, item 5(a), "Sale of perpetual preferred stock, gross" and item 6(a), "Sale of common stock, gross" as appropriate.)
- (3) Depreciation and other expenses related to the use of automobiles owned by the holding company or its consolidated subsidiaries, airplanes, and other vehicles for holding company (or its consolidated subsidiaries) business (report in item 7(b), "Expenses on premises and fixed assets, net of rental income").
- (4) For holding companies that have not adopted ASU 2016-13, which governs the accounting for credit losses, 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) For institutions that have adopted ASU 2016-13:
  - (a) Charge-offs of the cost basis of individual held-to-maturity and available-for-sale debt securities resulting from credit losses (report as deductions from the applicable allowance for credit losses in columns B and C, respectively, of Schedule HI-B, Part II, item 3, "Charge-offs"); and
  - (b) Any write-off recorded when the fair value of an available-for-sale debt security is less than its amortized cost basis and
    - (i) the institution intends to sell the security or
    - (ii) it is more likely than not that the institution will be

required to sell the security before recovery of its amortized cost basis (report in Schedule HI, item 6.b, "Realized gains (losses) on available-for-sale securities").

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

## **Line Item 7(e) Total noninterest expense.**

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

## **Line Item 8(a) Income (loss) before unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations.**

Report the holding company's pretax income from continuing operations before unrealized holding gains (losses) on equity securities not held for trading. This amount will generally be determined by taking item 3, "Net interest income," minus item 4, "Provision for loan and lease losses," plus item 5(m), "Total noninterest income," plus or minus item 6(a), "Realized gains (losses) on held-to-maturity securities," plus or minus item 6(b), "Realized gains (losses) on available-for-sale securities," minus item 7(e), "Total noninterest expense." If the result is negative, report with a minus (-) sign.

NOTE: Holding companies that have adopted ASU 2016-13, should report the provisions for credit losses in item 4, referenced in 8(a).

NOTE: Item 8(b) is to be completed only by institutions that have adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities and eliminates the concept of available-for-sale equity securities. ASU 2016-01 requires holdings of equity securities (except those accounted for under the

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## Schedule HI

equity method or that result in consolidation), including other ownership interests (such as partnerships, unincorporated joint ventures, and limited liability companies), to be measured at fair value with changes in the fair value recognized through net income. However, an institution may choose to measure equity securities and other equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

Holding companies that have not adopted ASU 2016-01 should leave item 8(b) blank and report their unrealized gains (losses) on available-for-sale equity securities during the year-to-date reporting period in Schedule HI-A, item 12, "Other comprehensive income".

For holding companies that are public business entities, as defined in U.S. GAAP, ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For example, a holding company with a calendar year fiscal year that is a public business entity must begin to apply ASU 2016-01 in its FR Y-9C report for March 31, 2018. For all other holding companies, ASU 2016-01 is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. For example, a holding company with a calendar year fiscal year that is not a public business entity must begin to apply ASU 2016-01 in its FR Y-9C report for December 31, 2019. Early application of ASU 2016-01 is permitted for all holding companies that are not public business entities as of fiscal years beginning after December 15, 2017, including interim periods within those fiscal years.

### **Line Item 8(b) Unrealized holding gains (losses) on equity securities not held for trading.**

Report unrealized holding gains (losses) during the year-to-date reporting period on equity securities with readily determinable fair values not held for trading. Include unrealized holding gains (losses) during the year-to-date reporting period on equity securities and other equity investments without readily determinable fair values not held for trading that are measured at fair value through earnings. Also include impairment, if any, plus or minus changes resulting from observable price changes during the year-to-date reporting period on equity securities and other equity investments without readily determinable

fair values not held for trading for which this measurement election is made.

Include realized gains (losses) on equity securities and other equity investments during the year-to-date reporting period. A realized gain (loss) arises if a holding company sells an equity security or other equity investment, but had not yet recorded in earnings the change in value to the point of sale since the last value change was recorded.

### **Line Item 8(c) Income (loss) before applicable income taxes and discontinued operations.**

Report the holding company's pretax income from continuing operations as the sum of Schedule HI, item 8(a), "Income (loss) before unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations," and Schedule HI, item 8(b), "Unrealized holding gains (losses) on equity securities not held for trading." If the amount is negative, report it with a minus (-) sign.

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

Report the total estimated federal, state and local, and foreign income tax expense applicable to item 8(c), "Income (loss) before applicable income taxes and discontinued operations." 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 the tax benefit of an operating loss carryforward or carryback for which the source of the income or loss in the current year is reported in Schedule HI, item 8(a),



# Schedule HI

“Income (loss) before applicable income taxes and discontinued operations.”

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, “Discontinued operations, net of applicable taxes.”
- (2) Schedule HI-A, item 2, “Cumulative effect of changes in accounting principles and corrections of material

Memo items 1 and 2 are to be completed by holding companies with \$5 billion or more in total assets.

## **Line Item 10 Income (loss) before discontinued operations.**

Report the difference between item 8(a), “Income (loss) before applicable income taxes and discontinued operations” and item 9, “Applicable income taxes (on item 8(c)).” If the amount is negative, report with a minus (-) sign.

## **Line Item 11 Discontinued operations, net of applicable income taxes.**

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

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

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

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

Report that portion of consolidated net income reported in Schedule HI, item 12, above, attributable to noncon-

trolling interests of subsidiaries of the holding company. A noncontrolling interest, also called a minority interest, is the portion of equity in a holding company’s subsidiary not attributable, directly or indirectly, to the parent holding company. If the amount reported in this item is a net loss, report with a minus (-) sign.

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

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

## **Memoranda**

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

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

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

- (1) interest income on tax-exempt obligations (other than securities) of states and political subdivisions in the U.S. (included in Schedule HI, item 1(a));
- (2) income on tax-exempt securities issued by states and political subdivisions in the U.S. (included in Schedule HI, item 1(d)(3));
- (3) income on lease financing receivables that is tax-exempt (included in Schedule HI, item 1(b)); and
- (4) any other interest income (such as interest income earned on loans to an Employee Stock Ownership Plan), which under state or federal laws is partially or in its entirety exempt from income taxes.

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

# Schedule HI

## Line Item M2 Net income before applicable income taxes, and discontinued operations (item 8 above) on a fully taxable equivalent basis.

*Memo Items 6(a) through 6(j) are to be completed annually on a calendar year-to-date basis in the December report only by holding companies with less than \$5 billion in total assets. Holding companies with greater than \$5 billion in total assets should report these items on a quarterly basis. (footnote 1)*

the taxes, and fully taxable item should holding company general and state include net interest income on a fully taxable equivalent basis as reported in memoranda item 1 above plus all other income and expense adjusted to reflect the holding company's net income on a fully taxable equivalent basis.

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

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

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

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

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

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

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

To convert the number of part-time employees to full-time equivalent employees, add the total number of hours all part-time and temporary employees worked during the

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

## Line Item M6 Other noninterest income (only report amounts greater than \$100,000 that exceed 7% of Schedule HI, item 5(l)).

Disclose in memoranda items 6(a) through 6(j) each component of Schedule HI, item 5(l), "Other noninterest income," and the dollar amount of such component, that is greater than \$100,000 and exceeds 7 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), "Bank card and credit card interchange fees."
- M6(g), "Income and fees from wire transfers not reportable as service charges on deposit accounts."

Although descriptions of these components of "Other noninterest income" are included in the instructions for Schedule HI-5(l), holding companies need not adjust their internal noninterest income definitions to match the descriptions in item 5(l). Rather, holding companies may report the components of their "Other noninterest income" using their internal definitions that reasonably correspond to the preprinted captions provided for this item, provided the internal definitions are used consistently over time.

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

# Schedule HI

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 \$100,000 and exceeds 7 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(h) through 6(j) 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(h) through 6(j), then these items should be left blank.

**Line Item M7 Other noninterest expense (only report amounts greater than \$100,000 that exceed 7% of the sum of Schedule HI, item 7(d)).**

Disclose in memoranda items 7(a) through 7(p) each component of Schedule HI, item 7(d), “Other noninterest expense,” and the dollar amount of such component, that is greater than \$100,000 and exceeds 7 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.”
- M7(l), “Other real estate owned expenses.”
- M7(m) “Insurance Expenses (not included in employee expenses, premises and fixed assets expenses), and other real estate owned expenses.”

Although descriptions of these components of “Other noninterest expense” are included in the instructions for Schedule HI-7(d), holding companies need not adjust their internal noninterest expense definitions to match the descriptions in item 7(d). Rather, holding companies may report the components of their “Other noninterest expense” using their internal definitions that reasonably correspond to the preprinted captions provided for this item, provided the internal definitions are used consistently over time.

*Memo Items 7(a) through 7(p) are to be completed annually on a calendar year-to-date basis in the December report only by holding companies with less than \$5 billion in total assets. Holding companies with \$5 billion or more in total assets should report these items on a quarterly basis.*

“Other noninterest expense” that includes “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 \$100,000 and exceeds 7 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

# Schedule HI

item 7(d) above. The description of each item reported in memoranda items 7(n) through 7(p) should be reported in the area marked as “text” on the report form **in a clear and concise manner** and limited to 132 characters per item (including punctuation and spaces). Do not use words such as “miscellaneous” or “other” to describe these items. The dollar amount should be reported in the adjacent column on the right. If there are no reportable amounts for memoranda items 7(n) through 7(p), then these items should be left blank.

## Line Item M8 Discontinued operations and applicable income tax effect.

List and briefly describe in items M8(a) through M8(e) below each of the discontinued operations included in item 11, “Discontinued operations net of applicable income taxes.” However, each item should be reported separately, gross of income taxes and the income tax effect separately reported, as indicated.

If discontinued operations is a loss or otherwise reduces the holding company’s income, report with a minus (-) sign. If an applicable income tax effect is a tax benefit (rather than a tax expense), report with a minus (-) sign.

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

Memorandum items 9(a) through 9(e) are to be completed by holding companies that reported total trading assets (in Schedule HC item 5) of \$10 million or more for any quarter of the preceding calendar year.

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

## Line Item M9(a) Interest rate exposures.

Report in this item net gains (losses) from trading cash instruments and derivative contracts that the reporting

holding company manages as interest rate exposures. Interest rate exposures may arise from cash debt instruments (e.g., U.S. Treasury securities) and interest rate contracts related to the purchase of a Treasury bill, interest rate swaps, basis swaps, forward rate agreements, and interest rate options, including caps, floors, collars, and corridors.

Memo items 8.a.(1) through Memo item 8.b.(2) are reported by HCs with \$5 billion or more in total consolidated assets. Holding companies with less than \$5 billion should leave this item blank.

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

b(2)

## Line Item M9(b) Foreign exchange exposures.

Report in this item net gains (losses) from trading cash instruments and derivative contracts that the reporting holding company manages as foreign exchange exposures. Foreign exchange exposures may arise from cash instruments (e.g., debt securities) denominated in non-U.S. currencies and foreign exchange rate contracts. Foreign exchange rate contracts are those contracts to purchase foreign (non-U.S.) currencies and U.S. dollar exchange in the forward market (i.e., on an organized market). A purchase or 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.

with \$5 billion or more in total assets and

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

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



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# Schedule HI

## **Line Item M9(d) Commodity and other exposures.**

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

Memorandum items 9(f) and 9(g) are to be completed by holding companies with \$100 billion or more in total assets that are required to complete Memorandum items 9(a) through 9(e).

## **Line Item M9(f) Impact on trading revenue of changes in the creditworthiness of the holding company’s derivatives counterparties on the 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 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 holding company’s derivatives counterparties. It is an estimate of the fair value of counterparty credit risk.

## **Line Item M9(g) Impact on trading revenue of changes in the creditworthiness of the holding company on the 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 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 holding company. It is an estimate of the fair value of the holding company’s own credit risk to its counterparties.

Memorandum items 10(a) and 10(b) are to be completed by holding companies with \$10 billion or more in total consolidated assets.

## **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



# Schedule HI

**Memorandum item 11 is to be completed by holding companies with \$5 billion or more in total assets.**

(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).

## Line Item M11 Credit losses on derivatives.

Report the consolidated 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 holding company charged such losses directly to income (e.g., trading revenue) or to another account (e.g., allowance for credit losses on derivatives). If the amount to be reported in this item represents year-to-date net recoveries, report this amount with a minus (-) sign.

12(a) through 12(c)

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

\$5 billion

## 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 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 holding company or its subsidiaries, or that are sold by the reporting holding company, a subsidiary, or by affiliated or unaffiliated entities from whom the reporting 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 of the reporting 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 holding company, or sold by the reporting holding company or its subsidiaries, through a subsidiary, or by affiliated or unaffiliated entities from whom the 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 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 holding company or a consolidated subsidiary.

Exclude fees earned for providing securities custody,

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 holding company surpasses the \$1 billion total asset threshold, it must continue to report this item regardless of subsequent changes in its total assets.~~

# Schedule HI

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 holding company or its consolidated subsidiaries and are not otherwise sold by the reporting holding company, through a subsidiary, or by affiliated or unaffiliated entities from whom the reporting holding company receives income at the time of the sale or over the duration of the account.

## 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 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 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 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 holding company must have a valid election with the Internal Revenue Service and obtain the consent of all of its shareholders. In addition, the 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 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

with \$5 billion or more in total assets and

# Schedule HI

with \$5 billion or more in total assets and annually in the December report by holding companies with less than \$5 billion in total assets.

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 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), *Shared-Based Payment*). Stock-based employee compensation plans include all arrangements by which employees receive shares of stock or

other equity instruments of the employer or the employer incurs liabilities to employees in amounts based on the price of the employer's stock. Examples are stock purchase plans, stock options, restricted stock, and stock appreciation rights.

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

*Memorandum item 16 is to be completed semiannually in the June and December reports only by holding companies that are required to complete Schedule HC-C, Memorandum items 6(b) and 6(c).*

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

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

Negative amortization refers to a method in which a loan is structured so that the borrower's minimum monthly (or other periodic) payment is contractually permitted to be less than the full amount of interest owed to the lender, with the unpaid interest added to the loan's principal balance. The contractual terms of the loan provide that if the borrower allows the principal balance to rise to a pre-specified amount or maximum cap, the loan pay-

*Memo item 17 is to be completed semiannually in June and December by HCs with less than \$5 billion in total consolidated assets. Holding companies with more than \$5 billion in total assets will continue to report this item on a quarterly basis.*

## **Line Item M17 Other-than-temporary impairment losses on held-to-maturity and available-for-sale securities recognized in earnings.**

Memorandum item 17 should be completed only by holding companies that have not adopted ASU 2016-13, which governs the accounting for credit losses. Holding companies that have adopted ASU 2016-13 should leave this item blank.

Report the amount of other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities that has been recognized in earnings during the

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## Schedule HI

calendar year to date. This amount is included in the realized gains (losses) on held-to-maturity and available-for-sale securities reported in Schedule HI, items 6(a) and 6(b), respectively.

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

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

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

For more information, see the Glossary for “securities activities.”



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LINE ITEM INSTRUCTIONS FOR

# Changes in Holding Company Equity Capital Schedule HI-A

## General Instructions

Total 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 holding company equity capital) with a minus (-) sign.

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

Report the consolidated 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 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 holding companies opened since January 1 of the current calendar year, report zero in this item. Report the consolidated 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 holding company's inception until the date the holding company commenced operations should be reported in Schedule HI using one of the two following methods, consistent with the manner in which the 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 holding company's inception until the date the 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 holding company's inception until the beginning of the calendar year in which the holding company commenced operations should be included, along with the 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 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 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:

- (1) Mathematical mistakes.
- (2) Mistakes in applying accounting principles.



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## Schedule HI-A

- (3) Improper use of information which existed when the prior *Consolidated Financial Statements for Holding Companies* were prepared.
- (4) A change from an accounting principle that is neither accepted nor sanctioned by the Federal Reserve to one that is acceptable to the Federal Reserve.

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

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

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

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

Report the sum of items 1 and 2.

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

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

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

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

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

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

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

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

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

- (1) The conversion of convertible debt or limited-life preferred stock into perpetual preferred stock.
- (2) Exercise of stock options, including:
  - (a) Any income tax benefits to the consolidated holding company resulting from the sale of the holding company’s own stock acquired under a qualified stock option within three years of its purchase by the employee who had been granted the option.
  - (b) Any tax benefits to the consolidated holding company resulting from the exercise (or granting) of nonqualified stock options (on the holding company’s stock) based on the difference between the option price and the fair market value of the stock at the date of exercise (or grant).

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

Include:

- (1) The net decrease in equity capital which occurs when cash is distributed in lieu of fractional shares in a stock dividend.

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## Schedule HI-A

- (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 holding company's total equity capital resulting from the sale of the 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 holding company, net of any expenses associated with the issuance of such stock.

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

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

Report in this item the changes in the consolidated 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 holding company resulting from the sale of the holding company's own stock acquired under a qualified stock option within three years of its purchase by the employee who had been granted the option.
  - (b) Any tax benefits to the consolidated holding company resulting from the exercise (or granting) of nonqualified stock options (on the holding company's stock) based on the difference between the option price and the fair market value of the stock at the date of exercise (or grant).
- (3) Retirement of 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 holding company stock or shares of stock of the 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 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 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 holding company purchased another business during the year-to-date reporting period, report the fair 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 holding company was involved in a transaction between entities under common control that became

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## Schedule HI-A

effective during the year-to-date reporting period and has been accounted for 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 with the holding company in the transaction. For further information on transactions between entities under common control, 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 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 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

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## Schedule HI-A

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 holding company.**

Report an amount in this item only if the consolidated 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 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 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 holding company. As the ESOP borrows more funds that are guaranteed by the reporting 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 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 holding company equity capital.”

# Charge-Offs and Recoveries on Loans and Leases and Changes in Allowances for Credit 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 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 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,” “domicile” and “allowances for credit losses.”

Business Combinations and Transactions between Entities under Common Control - If the holding company entered into a business combination that became effective during the year-to-date reporting period and has been accounted for under the acquisition method, include the charge-offs and recoveries of the acquired institution or other business *only* after its acquisition. If the reporting institution was involved in a transaction between entities under common control that became effective during the

year-to-date reporting period and has been accounted for in a manner similar to a pooling of interests, report the charge-offs and recoveries 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 transactions between entities under common control, see the Glossary entry for “business combinations.”

#### 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.



# Schedule HI-B

## **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 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

Item 4(a) and 4(b) are reportable by HCs with \$5 billion or more in total assets. Item 4(c) is reportable by holding companies with less than \$5 billion in total consolidated assets.

### **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 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 Not applicable.**

## **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,

# Schedule HI-B

Item 8(a) and 8(b) are to be reported by holding companies with \$5 billion or more in total assets. Item 8(c) is to be completed only by holding companies with less than \$5 billion in assets.

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.

## 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 4(c) To U.S addressees and to non-U.S.addressees

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

## 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 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 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 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 8(c) Leases to individuals for household, family, and other personal expenditures and all other leases.** Holding companies with less than \$5 billion in total assets should report in columns A and B, as appropriate, all Leases to individuals for household, family, and other personal expenditures and all other leases as defined in HC-C, item 10(a) column A and HC-C, item 10(b), column A.

## 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.

## 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

## 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").

Item 6 is to be completed by HCs with \$5 billion or more in total assets. Holding companies with less than \$5 billion should leave this item blank.

# Schedule HI-B

Memo item 2 is to be completed by holding companies with \$5 billion or more in total assets. Holding companies with less than \$5 billion should leave this item blank.

## 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.

finance charges by recoveries of these reversed fees and finance charges. For holding companies that have *not* adopted ASU 2016-13, 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.

## 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) holding companies that, together with affiliated institutions, have outstanding credit card receivables that exceed \$500 million as of the report date or (2) holding companies that on a consolidated basis are credit card specialty holding companies.*

Memo item 3 is to be completed by holding companies with \$5 billion or more in total assets. Holding companies with less than \$5 billion should leave this item blank.

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*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 holding companies are defined as those 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 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

## Part II. Changes in Allowances for Credit Losses.

### General Instructions

This schedule has three columns for information on the allowances for credit losses, one for each of the following asset types: 1) loans and leases held for investment (Column A), 2) held-to-maturity debt securities (Column B), and 3) available-for-sale debt securities (Column C).

Holding companies that have *not* adopted ASU 2016-13 should report the reconciliation of the allowance for loan and lease losses on a calendar year-to-date basis in column A. Columns B and C should be left blank.

Holding companies that have adopted ASU 2016-13 should report changes in the allowances for credit losses for loans and leases held for investment, held-to-maturity debt securities and available-for-sale debt securities in the applicable columns.

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

For those 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 in column A during the calendar year-to-date that relates to loans and leases.

*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 HI-B

Schedule HC, item 26(a), “Retained earnings,” and the effect of any transactions therein.

*Business Combinations, Pushdown Accounting Transactions, and Transactions between Entities under Common Control*—If the reporting holding company entered into a business combination that became effective during the year-to-date reporting period and has been accounted for under the acquisition method, include the recoveries, charge-offs, and provisions of the acquired institution or other 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, for holding companies that have *not* adopted ASU 2016-13, the reporting holding company may not carry over the allowance for loan and lease losses of the acquired institution or other business as of the acquisition date.

However, for a reporting holding company that has adopted ASU 2016-13 and has acquired financial assets in a business combination that management has determined to be purchased credit-deteriorated as of the acquisition date, the holding company should report the initial allowance gross-up amounts established upon the purchase of these assets, which are recorded at the date of acquisition as an addition to the purchase price to determine the initial amortized cost basis of the assets, should be reported as positive amounts in the applicable columns of Schedule HI-B, Part II, item 6, “Adjustments.”

Similarly, if the reporting holding company was acquired in a transaction that became effective during the year-to-date reporting period, retained its separate corporate existence, and elected to apply pushdown accounting in its separate financial statements (including its FR Y-9C report), include only the recoveries, charge-offs, and provisions from the date of the holding company’s acquisition through the end of the year-to-date reporting period. When applying pushdown accounting, regardless of whether the reporting holding company has adopted ASU 2016-13, the reporting holding company’s loans and leases must be restated to their acquisition-date fair values and the holding company may not carry over its allowance for loan and lease losses or its allowances for credit losses, as applicable, as of the acquisition date. As a consequence:

- For a reporting holding company that has not adopted ASU 2016-13, the amount reported in Schedule HI-B,

Part II, item 1, column A, for the balance of the allowance for loan and lease losses most recently reported for the end of the previous calendar year must be reported as a negative amount in Schedule HI-B, Part II, item 6, column A, “Adjustments.”

- For a reporting holding company that has adopted ASU 2016-13, the amounts reported in Schedule HI-B, Part II, item 1, columns A, B, and C, for the balances of the allowances for credit losses most recently reported for the end of the previous calendar year must be reported as negative amounts in Schedule HI-B, Part II, item 6, columns A, B, and C, “Adjustments.” In addition, when applying pushdown accounting, for those financial assets that management has determined to be purchased credit-deteriorated as of the holding company’s acquisition date, the holding company should report as positive amounts in the applicable columns of Schedule HI-B, Part II, item 6, “Adjustments,” the initial allowance gross-up amounts established as of the acquisition date, which are recorded as an addition to the acquisition-date fair values of these purchased credit-deteriorated assets to determine their initial amortized cost basis.

If the reporting holding company was involved in a transaction between entities under common control that became effective during the year-to-date reporting period and has been accounted for 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. Reporting holding companies that have not adopted ASU 2016-13, report the balance as of the end of the previous calendar year of the allowance for loan and lease losses of the institution or other business that combined with the reporting holding company in the common control transaction in Schedule HI-B, part II, item 6, “Adjustments,” column A. Reporting holding companies that have adopted ASU 2016-13 should report the balance as of the end of the previous calendar year of the allowances for credit losses of the institution or other business that combined with the reporting holding company in the common control transaction in Schedule HI-B, part II, item 6, columns A, B, or C, “Adjustments.”

For further information on business combinations, pushdown accounting, and transactions between entities under common control, see the Glossary entry for “business combinations.”



# Schedule HI-B

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

Holding companies that have not adopted ASU 2016-13, report in column A the balance in the allowance for loan and lease losses from the *Consolidated Financial Statements for 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.

Holding companies that have adopted ASU 2016-13 report in columns A, B, and C the balances of all allowances on loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities, respectively for credit losses as reported in the FR Y-9C for the previous calendar year-end after the effect of all corrections and adjustments to the allowances for credit losses that were made in any amended report(s) for the previous calendar year-end. In the year of adoption, holding companies should record a zero balance for columns B and column C.

## **Line Item 2 Recoveries.**

Holding companies that have *not* adopted ASU 2016-13, report in column A 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 in this item must equal Schedule HI-B, part I, item 9, column B.

Holding companies that have adopted ASU 2016-13, report in columns A, B, and C the amounts credited to the allowances for credit losses on loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities, respectively, for recoveries during the calendar year to date on amounts previously charged against the allowance for credit losses. The amount reported in “Loans and Leases,” column A, of this item must equal Schedule HI-B, part I, item 9, column B.

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

Holding companies that have not adopted ASU 2016-13, report in column A of this item 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.”

Holding companies that have adopted ASU 2016-13, report in columns A, B, and C the amounts of loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities charged against the allowances for credit losses on loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities, respectively, during the calendar year-to-date. The amount reported in column A of this item must equal Schedule HI-B, part I, item 9, column A, “Total” charge-offs, less Schedule HI-B, part II, item 4, column A, “LESS: Write-downs arising from transfers of financial assets.”

## **Line Item 4 LESS: Write-downs arising from transfers of financial assets.**

Holding companies that have not adopted ASU 2016-13, report in column A of this item the 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 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.

Holding companies that have adopted ASU 2016-13, report in columns A, B, and C the amounts of write-downs to fair value charged against the allowances for credit losses on loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities, respectively, resulting from transfers of loans and leases to a held-for-sale account (resulting from the events described above), or transfers of held-to-maturity debt securities and available-for-sale debt securities between held-to-maturity, available-for-sale, and trading accounts during the calendar year-to-date.

## **Line Item 5 Provision for credit losses.**

Holding companies that have not adopted ASU 2016-13, report in column A of this item the amount expensed as the provision for loan and losses during the calendar year



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## Schedule HI-B

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's current loan and lease exposures. The amount reported in this item must equal Schedule HI, item 4. If the amount reported in this item is negative, report it with a minus (-) sign.

Report in columns A, B, and C the amounts expensed as provisions for credit losses (or reversals of provisions) on loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities, respectively, during the calendar year-to-date. Provisions for credit losses (or reversals of provisions) on loans and leases held for investment and held-to-maturity debt securities represent the amounts necessary to adjust the related allowances for credit losses at the quarter-end report date for management's current estimate of expected credit losses on these assets. Provisions for credit losses (or reversals of provisions) on available-for-sale debt securities represent changes during the calendar year to date in the amount of impairment related to credit losses on individual available-for-sale debt securities. The sum of the amounts reported in item 5, columns A through C, plus Schedule HI-B, Memoranda item 5 must equal Schedule HI, item 4. If the amount reported in column A, B, or C for this item is negative, report it with a minus (-) sign.

### Line Item 6 Adjustments.

Report all activity in the allowance for loan and lease losses or the allowances for credit losses, as applicable, that cannot be properly reported in Schedule HI-B, Part II, items 2 through 5, above.

If the reporting holding company was acquired in a transaction that became effective during the year-to-date reporting period, retained its separate corporate existence, and elected to apply pushdown accounting in its separate financial statements:

- A reporting holding company that has not adopted ASU 2016-13 should report in column A of this item as a negative amount the balance of the allowance for loan and lease losses most recently reported for the end of the previous calendar year, as reported in Schedule HI-B, Part II, item 1, column A, above.
- A reporting holding company that has adopted ASU 2016-13 should report as negative amounts in col-

umns A, B, and C of this item the balances of the allowances for credit losses on loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities, respectively, most recently reported for the end of the previous calendar year in Schedule HI-B, Part II, item 1, columns A, B, and C, above. In addition, when applying pushdown accounting, for those financial assets that management has determined to be purchased credit-deteriorated as of the institution's acquisition date, the holding company should report as positive amounts in columns A, B, and C of this item, as appropriate, the initial allowance gross-up amounts established as of the acquisition date, which are recorded as an addition to the acquisition-date fair values of these purchased credit-deteriorated assets to determine their initial amortized cost basis.

If the holding company entered into a transaction between entities under common control 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, and that have *not* adopted ASU 2016-13, report in Column A of 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 common control transaction. Holding companies that have adopted ASU 2016-13 should report in columns A, B and C of this item the balance as of the end of the previous calendar year of the allowances for credit losses of the institution or other business that combined with the reporting institution in the common control transaction.

For holding companies with foreign offices that have *not* adopted ASU 2016-13, 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. Holding companies that have adopted ASU 2016-13, report in the appropriate column for this item any increases or decrease resulting from the translation into dollars of any portions of the allowances for credit losses which are denominated in a foreign currency.

In addition, holding companies that have adopted ASU 2016-13 *report* in columns A, B and C of this item, changes in allowance amounts from initially applying ASU 2016-13 to loans and leases held for investment, held-to-maturity debt securities, and available-for-sale

# Schedule HI-B

debt securities as of the beginning of the fiscal year in which the institution adopts this ASU. The changes in allowance amounts include the initial allowance gross-up amounts for any purchased credit-impaired assets held as of the effective date of ASU 2016-13 that, in accordance with the ASU, are deemed purchased credit-deteriorated assets as of that date. A reporting institution that has adopted ASU 2016-13 should report in columns A, B, and C of this item, as appropriate, the initial allowance gross-up amounts recognized upon the acquisition of purchased credit-deteriorated assets on or after the effective date of ASU 2016-13.

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

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

Report in columns A, B and C the sum of items 1, 2, 5, and 6, less items 3 and 4. The amount reported in column A must equal the amount reported in Schedule HC, item 4(c).

## Memoranda

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

Report the amount of any allocated transfer risk reserve related to loans and leases that the reporting holding company is required to establish and maintain that the holding company has included in the end-of-period balance of the allowance for loan and lease losses reported in Schedule HI-B, part II, item 7, column A, above 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) holding companies that, together with affiliated institutions, have outstanding credit card receivables that exceed \$500 million as of the report date or (2) 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 holding companies are defined as those 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 1, column C).*

Memo items 1, 2, 3 and 4 are to be completed by holding companies with \$5 billion or more in total assets.

Holding companies that have not adopted ASU-2016-13, report the amount of any valuation allowance or contra-asset account that the 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)).

Holding companies that have adopted ASU 2016-13, report the amount of any valuation allowance or contra-asset account that the bank maintains separate from the allowance for credit losses on loans and leases 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 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) holding companies that, together with affiliated institutions, have outstanding credit card receivables that exceed \$500 million as of the report date or (2) holding companies that on a consolidated basis are credit card specialty holding companies.*

*Outstanding credit card receivables are the sum of:*

## Schedule HI-B

- (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 holding companies are defined as those 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).*

Holding companies that have *not* adopted ASU 2016-13, 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, column A.

Holding companies that have adopted ASU 2016-13, report in this item the amount of the allowance for credit losses on loans and leases 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, column A.

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.

*Note: Memorandum item 4 is to be completed only by holding companies that have not adopted ASU 2016-13.*

*Holding companies that have adopted ASU 2016-13 should leave this item blank.*

### **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).**

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 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, for a purchased credit-impaired loan accounted for individually (and not accounted for as a debt security), if, upon evaluation subsequent to acquisition, it is probable based on current information and events, that the 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) the purchased credit-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. For purchased credit-impaired loans with common risk characteristics that are aggregated and accounted for as a pool, this impairment analysis should be performed subsequent to acquisition at the pool level as a whole and not at the individual loan level.

NOTE: Memorandum items 5 and 6 are to be completed only by holding companies that have adopted ASU

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## Schedule HI-B

2016-13. Holding companies that have not adopted ASU 2016-13 should leave this item blank.

**Line Item M5 Provisions for credit losses on other financial assets measured at amortized cost (not included in HI-B Part II, item 5, columns A through C, above).**

Report in this line item provisions related to allowances for credit losses on financial assets measured at amortized cost, included in Schedule HI, item 4, other than loans, leases, held-to-maturity debt securities and available-for-sale debt securities.

Provisions for credit losses (or reversals of provisions) on these other financial assets measured at amortized cost represent the amounts necessary to adjust the related allowances for credit losses at the quarter-end report date for management's current estimate of expected credit losses on these assets.

*Exclude* provisions for credit losses on off-balance sheet credit exposures, which are reported in Schedule HI item 7.d, "Other noninterest expense."

**Line Item M6 Allowances for credit losses on other financial assets measured at amortized cost (not included in HI-B Part II, item 7, columns A through C above).**

Report in this line item total allowances related to credit losses on financial assets measured at amortized cost other than loans, leases, held-to-maturity debt securities and available-for-sale debt securities that are associated with the provisions reported in Memorandum item 5, above.

*Exclude* the allowance for credit losses on off-balance sheet credit exposures, which is reported in Schedule HC-G, item 3.

# Disaggregated Data on the Allowance for Loan and Lease Losses

## Schedule HI-C

### General Instructions

~~Schedule HI-C is to be completed by institutions with \$1 billion or more in total assets.~~

with total assets greater than \$5 billion and

Part I. Disaggregated Data on the Allowance for Loan and Lease Losses of this schedule is to be completed only by holding companies that have not adopted Accounting Standards Update, No. 2016-13 (ASU 2016-13), which governs the accounting for credit losses. Institutions that have adopted ASU 2016-13 leave the data items blank on Part I.

Part II. Disaggregated Data on Allowances for Credit Losses is to be completed ~~only~~ by institutions that have adopted ASU 2016-13. Holding companies that have not adopted ASU 2016-13 leave the data items blank on Part II.

### Part I. Disaggregated Data on the Allowance for Loan and Lease Losses

#### General Instructions for Part I

This schedule has six columns for the disclosure by portfolio category of the balance in the allowance for loan and lease losses at the end of each quarter disaggregated on the basis of the reporting institution's impairment method and the related recorded investment in loans (and, as applicable, leases) held for investment (excluding loans held for investment that the institution has elected to report at fair value under a fair value option) disaggregated in the same manner: two columns for information on loans individually evaluated for impairment, two columns for information on loans and leases collectively evaluated for impairment, and two columns for purchased credit-impaired loans. For further information on loan impairment methods, see the Glossary entries for "loan impairment" and "purchased impaired loans and debt securities."

Loans and leases held for investment are loans and leases that the institution has the intent and ability to hold for the foreseeable future or until maturity or payoff.

The loan and lease portfolio categories for which allowance and related recorded investment amounts are to be

Holding companies with less than \$5 billion in total assets:

Holding companies with less than \$5 billion in total assets that have not adopted the ASU 2016-13 may report disaggregated data on the allowance for Loan and Lease Losses in Schedule HI-C Part II in data items 1 through 6 instead of HI-C Part I, semiannually in June and December.

Holding companies with less than \$5 billion in total assets that have adopted ASU 2016-13 will report HI-C part II, data items 1-11, semiannually in June and December.

### Column Instructions

**Columns A and B:** For each of the specified general categories of loans held for investment, report in column A the recorded investment in individually evaluated

1. For example, based on its allowance methodology, one institution's allowance components for credit cards might relate to both consumer and business credit card receivables, but another institution's allowance components for credit cards might relate only to consumer credit card receivables.

As another example, based on its allowance methodology, one institution might include its loans secured by farmland in its allowance components for commercial real estate loans, but another institution might include its loans secured by farmland in its allowance components for commercial loans.



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## Schedule HI-C

loans that have been determined to be impaired as defined in ASC Subtopic 310-10, Receivables - Overall (formerly FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan*, as amended), including all loans restructured in troubled debt restructurings, and report in column B the balance of the allowance for loan and lease losses attributable to these individually impaired loans measured in accordance with ASC Subtopic 310-10.

**Columns C and D:** For each of the specified general categories of loans and leases held for investment, report in column C the recorded investment in loans and leases that have been collectively evaluated for impairment in accordance with ASC Subtopic 450-20, Contingencies - Loss Contingencies (formerly FASB Statement No. 5, *Accounting for Contingencies*) and report in column D the balance in the allowance for loan and lease losses attributable to these collectively evaluated loans and leases measured in accordance with ASC Subtopic 450-20. Report in column D any unallocated portion of the allowance for loan and lease losses for loans collectively evaluated for impairment. Include in column C the recorded investment in any loans held for investment not individually determined to be impaired that do not have a balance in the allowance for loan and lease losses attributable to them.

**Columns E and F:** For each of the specified general categories of loans held for investment, report in column E the recorded investment in purchased credit-impaired loans as defined 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*) and report in column F the balance in the allowance for loan and lease losses attributable to these purchased credit-impaired loans measured in accordance with ASC Subtopic 310-30.

### **Line Item 1 Real estate loans.**

#### **Line Item 1(a) Construction loans.**

Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in held-for-investment construction loans. Exclude loans that the institution has elected to report at fair value under a fair value option.

#### **Line Item 1(b) Commercial real estate loans.**

Report in the appropriate subitem and column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in held-for-investment commercial real estate loans. Exclude loans that the institution has elected to report at fair value under a fair value option.

#### **Line Item 1(c) Residential real estate loans.**

Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in residential real estate loans. Exclude loans that the institution has elected to report at fair value under a fair value option.

### **Line Item 2 Commercial loans.**

Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all held-for-investment commercial loans. For purposes of this item, commercial loans include all loans and leases not reported as real estate loans, credit cards, or other consumer loans. Exclude loans that the institution has elected to report at fair value under a fair value option.

### **Line Item 3 Credit cards.**

Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all held-for-investment extensions of credit arising from credit cards. Exclude loans that the institution has elected to report at fair value under a fair value option.

### **Line Item 4 Other consumer loans.**

Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all held-for-investment consumer loans other than credit cards. Exclude loans that the institution has elected to report at fair value under a fair value option.

# Schedule HI-C

## Line Item 5 Unallocated, if any.

Report in column D the amount of any unallocated portion of the allowance for loan and lease losses for loans collectively evaluated for impairment. A holding company is not required to have an unallocated portion of the allowance.

## Line Item 6 Total.

For each column in Schedule HI-C, Part I, report the sum of items 1 through 5.

The sum of the amounts reported in Schedule HI-C,

~~Holding companies that have not adopted ASU 2016-13 should complete only Schedule HI-C, Part I, Disaggregated Data on the Allowance for Loans and Leases, and should leave the data items reported in Part II blank.~~

## Item Instructions

### Item No. Caption and Inst

**1 to 6** **General Instructions for Loans and Leases, Held for Investment.** The loan and lease portfolio categories for which allowance and related amortized cost amounts are to be reported in Schedule HI-C, part II, represent

(and recorded investment for holding companies with less than \$5 billion in total assets that have not adopted ASU 2016-13)

All holding companies that have adopted ASU 2016-13 should report HI-C Part II, Disaggregated Data on the Allowances for Credit losses, items 1 through 11.

Holding companies that have total assets less than \$5 billion and have adopted ASU 2016-03 should report Disaggregated Data on the Allowances for Credit losses, items 1 through 11, semiannually in June and December.

Holding companies with less than \$5 billion in total assets that have not adopted ASU 2016-13 may report the condensed disaggregated data on the allowance for loan and lease losses in data items 1 through 6 on HI-C Part II only, semiannually in June and December instead of the detail on HI-C, Part I. Such holding companies should report the recorded investment in column A (not amortized cost) and the related balance in the allowance for loan losses for such loans in column B and should leave data items 7 through 11 blank. For more information on the recorded investment, refer to columns A, C and E of Schedule HI-C Part I.

All other holding companies with \$5 billion or more that have not adopted ASU 2016-13 should report the disaggregated data on HI-C Part I.

Part I, item 6, columns A, C, and E, plus the amount reported in Schedule HC-Q, item 4, column A, "Total fair value reported on Schedule HC" for loans and leases held for investment, must equal Schedule HC, item 4(b), "Loans and leases, held for investment."

## Part II. Disaggregated Data on Allowances for Credit Losses

### General Instructions for Part II

Part II, items 1 through 6, of this schedule provide the disclosure of disaggregated information by portfolio category on the amortized cost basis of held-for-investment loans and leases and the related balance in the allowance for credit losses on loans and leases at the end of each quarter (excluding loans held for investment that the institution has elected to report at fair value under a fair value option).

Part II, items 7 through 11, of this schedule provide for the disclosure of information on the allowance for credit losses on held-to-maturity debt securities disaggregated by portfolio category at the end of each quarter.

(and recorded investment for holding companies with less than \$5 billion in total assets that have not adopted ASU 2016-13)

Loans and leases held for investment are loans and leases that the holding company has the intent and ability to hold for the foreseeable future or until maturity or payoff.

For each of the specified general categories of loans and leases held for investment, report in column A, "Amortized Cost", the amortized cost basis of all loans and leases held for investment. The sum of the amortized cost amounts reported in Schedule HI-C, Part II, item 6, Column A, "Total" plus the fair value of loans held for investment reported on Schedule HC-Q, item 4, column A, for which the fair value option has

2. For example, based on its allowance methodology, one holding company's allowance components for credit cards might relate to both consumer and business credit card receivables, but another holding company's allowance components for credit cards might relate only to consumer credit card receivables.

As another example, based on its allowance methodology, one holding company might include its loans secured by farmland in its allowance components for commercial real estate loans, but another holding company might.

# Schedule HI-C

been elected must equal the balance sheet amount of held-for-investment loans and leases reported in Schedule HC, item 4(b), "Loans and leases held for investment." Thus, the amortized cost amounts reported in columns A must be net of unearned income.

For each of the specified general categories of loans and leases held for investment, report in column B, "Allowance Balance," the related balance of the allowance for credit losses measured in accordance with ASC Subtopic 326-20.

## 1 **Real estate loans:**

**1(a) Construction loans.** Report in column A the amortized cost basis in held-for-investment construction loans and in column B the related balance in the allowance for credit losses for such loans. Exclude loans that the holding company has elected to report at fair value under a fair value option.

**1(b) Commercial real estate loans.** Report in column A the amortized cost basis in held-for-investment commercial real estate loans and in column B the related balance in the allowance for credit losses for such loans. Exclude loans that the holding company has elected to report at fair value under a fair value option.

**1(c) Residential real estate loans.** Report in column A the amortized cost basis in held for investment residential real estate loans and in column B the related balance in the allowance for credit losses for such loans. Exclude loans that the holding company has elected to report at fair value under a fair value option.

**2 Commercial loans.** Report in column A the amortized cost basis in all held for investment commercial loans and in column B the related balance in the allowance for credit losses for such loans. For purposes of this item, commercial loans include all loans and leases not reported as real estate loans, credit cards, or other consumer loans in the other items reported in Schedule HI-C. Exclude loans that the holding company has elected to report at fair value under a fair value option.

**3 Credit cards.** Report in column A the amortized cost basis in all held for investment extensions of credit arising from credit cards and in column B the related balance in the allowance for credit losses for such extensions of credit. Exclude loans that the holding company has elected to report at fair value under a fair value option.

**4 Other consumer loans.** Report in column A the amortized costs basis in all held-for-investment consumer loans other than credit cards and in column B the related balance in the allowance for credit losses for such loans. Exclude loans that the institution has elected to report at fair value under a fair value option.

**5 Unallocated, if any.** Report the amount of any unallocated portion of the allowance for credit losses. A holding company should only have an unallocated portion of its allowance for credit losses that is appropriately supported and documented, and such an amount would be acceptable as part of management's best estimate of current expected credit losses.

**6 Total.** Report the sum of items 1(a) through 5. The total of column A plus the amount reported in Schedule HC-Q, item 4, column A, "Total fair value reported on Schedule HC" for loans and leases held for investment, must equal Schedule HC, item 4(b), "Loans and leases held for investment." Total of column B must equal Schedule HC, item 4(c), "Allowance for loan and lease losses."

**7 to 11 General Instructions for Held-To-Maturity Securities:** For each of the specified general categories of held-to-maturity debt securities, report the balance of the allowance for credit losses attributable to these securities measured in accordance with ASC Subtopic 326-20. The amounts of the allowance for credit losses reported in items 7 through 10 should directly correspond to the securities categories defined in Schedule HC-B as noted below.

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## Schedule HI-C

- 7**      **Securities issued by states and political subdivisions in the U.S.** Report the allowance for credit losses on held-to-maturity debt securities that have been issued by states and political subdivisions in the U.S. The amount reported in this line item represents the allowance for credit losses for the amortized cost of the same debt securities category reported in line item 3, column A on Schedule HC-B.
- 8**      **Mortgage-backed securities (MBS) (including CMOs, REMICs and stripped MBS):** Report the allowance for credit losses on held-to-maturity mortgage-backed securities. The Amount reported in this line item represents the allowance for credit losses for the amortized cost of the same debt securities categories reported in line items 4(a)(1), 4(a)(2), 4(a)(3), 4(b)(1), 4(b)(2), 4(b)(3), 4(c)(1)(a), 4(c)(1)(b), 4(c)(2)(a) and 4(c)(2)(b), column A on Schedule HC-B.
- 9**      **Asset-backed securities and structured financial products.** Report the allowance for credit losses on held-to-maturity asset-backed securities and structured financial products. The amount reported in this line item represents the allowance for credit losses for the amortized cost of the same debt securities categories reported in line items 5(a) and 5(b), column A on Schedule HC-B.
- 10**     **Other debt securities.** Report the allowance for credit losses on held-to-maturity other debt securities not reported in items 7 to 9.
- 11**     **Total.** Report the sum of items 7 through 10. The sum of the amounts reported in item 11, "Total" should equal the amount reported in Schedule HI-B, Part II, column B, item 7, "Balance end of current period".

# 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 holding company 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 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 holding company 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 holding company may provide estimates in lieu of inaccessible actual data.

If a single transaction business combination occurred where the acquiree was another holding company 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.**

Holding companies that have not adopted ASU-2016-13, 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 holding company's loan and

lease portfolio. Holding companies that have adopted ASU 2016-13, report the provision for credit losses (as defined in HI, item 4). Also include in this item any provision 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

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## Predecessor Financial Items

when they were not handled by the trust departments of the acquired entity's subsidiary banks.

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 discontinued operations 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 discontinued operations 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

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# Predecessor Financial Items

interests and residual interests retained by the acquired company.

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

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

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

Report the net gain or loss realized during the year to date of acquisition from the sale, exchange, redemption, or retirement of all securities as defined in Schedule HC, items 2(a) and 2(b). The realized gain or loss is the difference between the sales price (excluding interest at the coupon rate accrued since the last interest payment date, if any) and the amortized cost. Holding companies that have not adopted ASU-2016-13 also include in this item other-than-temporary impairments losses on individual available-for-sale securities that must be recognized in earnings. If the amount to be reported in this item is a net loss, report with a minus (-) sign.

Holding companies that have adopted ASU 2016-13 should adjust the amortized cost for recoveries of any prior charge-offs when calculating the realized gain or loss on a security, such that recovery of a previously charged off amount should be recorded before recognizing the gain. Include in this item any write-off recorded when the institution intends to sell the debt security, or it is more likely than not the institution will be required to sell the security before recovery of its amortized cost basis.

For holding companies that have adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities include the amount of realized and unrealized gains (losses) (and all other value changes) on equity securities and other equity investments.

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;

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## Predecessor Financial Items

- (5) Cost of office temporaries whether hired directly by the acquired company or its consolidated subsidiaries or through an outside agency;
- (6) Worker's compensation insurance premiums;
- (7) The net cost to the acquired company or its consolidated subsidiaries for employee dining rooms, restaurants, and cafeterias;
- (8) Accrued vacation pay earned by employees during the year to date of acquisition; and
- (9) The cost of medical or health services, relocation programs and reimbursement programs, and other so-called fringe benefits for officers and employees.

### **Line Item 7(b) Goodwill impairment losses.**

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

### **Line Item 8 Income (loss) before applicable income taxes and discontinued operations.**

Report the consolidated acquired company's pretax operating income. This amount will generally be determined 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 applicable income taxes and discontinued operations," including the tax effects of gains (losses) on securities not held in trading accounts (i.e., held-to-maturity and available-for-sale securities). Include both the current and deferred portions of these income taxes. If the amount is a tax benefit rather than tax expense, report with a minus (-) sign.

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

Include income tax effects of changes in tax laws or rates. Also include the effect of changes in the valuation allowance related to deferred tax assets resulting from a change in estimate of the realizability of deferred tax

assets, excluding the effect of any valuation allowance changes related to unrealized holding gains (losses) on available-for-sale securities that are charged or credited directly to the separate component of equity capital for "Accumulated other comprehensive income."

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

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

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

- (1) Item 11, "Discontinued operations, 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 Discontinued operations, net of applicable income taxes and noncontrolling (minority) interest.**

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

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## Predecessor Financial Items

### **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, 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 holding companies that so wish to explain the content of specific items in the income statement. The reporting 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 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.

### **Adoption of Current Expected Credit Loss Methodology – ASC Topic 326.**

Report in this item the cumulative-effect adjustment for the changes in the allowances for credit losses, net of any related deferred tax assets, recognized in retained earnings as of the beginning of the first reporting period in which the institution adopts ASU 2016-13, which governs the accounting for credit losses. Exclude from this line item the gross up amounts of purchased credit impaired assets to purchased credit deteriorated assets.

Holding companies that have not adopted ASU 2016-13 should leave this line item blank.

### **Initial allowances for credit losses recognized upon the acquisition of purchased credit-deteriorated assets.**

For holding companies that have adopted ASU 2016-13, report in this item, as a positive number, the initial allowance for credit losses recognized on purchased credit-deteriorated assets. This item is applicable both in the period in which a holding company adopts ASU 2016-13 and in any subsequent periods in which an holding company acquires purchased credit-deteriorated assets. Report only the allowance as of the acquisition date of the PCD assets. Any subsequent changes to the allowances on purchased credit deteriorated assets would be reported in Schedule HI-B, Part II in line item 5.

Institutions that have not adopted ASU 2016-13 should leave this line item blank.

### **Effect of adoption of current expected credit losses methodology on allowances for credit losses on loans and leases held for investment and held-to-maturity debt securities.**

For holding companies that have adopted ASU 2016-13, report in this item the change in the amount of allowances from initially applying ASU 2016-13 to these two categories of assets as of the effective date of the accounting standard in the period of adoption, including the initial allowance gross-up for any purchased credit-deteriorated assets held as of the effective date.

# Consolidated Balance Sheet for 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 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 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 holding company.
- (2) Claims on banks or other depository institutions held in the consolidated 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 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 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 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 let-

ters”) 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 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 holding company; currency and coin in transit to a Federal Reserve Bank or to any other depository institution for which the reporting 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 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 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 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).
- (4) Investments in money market mutual funds, which, for purposes of these reports, are to be reported as investments in equity securities.

## **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 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 holding company or of its consolidated subsidiaries.

Exclude balances held in Edge and Agreement subsidiaries or in international banking facilities (IBFs) of the reporting holding company, which are considered foreign offices of the 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 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 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 holding company or its consolidated subsidiaries.

## **Line Item 2 Securities.**

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

For holding companies that have not adopted FASB Accounting Standards Update No. 2016-13 (ASU 2016-13), which governs the accounting for credit losses report, report the amount from Schedule HC-B, item 8, column A, “Total amortized cost.”

Holding companies that have adopted ASU 2016-13, which governs the accounting for credit losses, report the amortized cost net of any applicable allowance for credit losses. The amount reported in Schedule HC, item 2(a), must equal the amount reported in Schedule HC-B, item 8, column A, “Total amortized cost” less the amount

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## Schedule HC

of the allowances for credit losses reported in Schedule HI-B, Part II, item 7, column B, balance end of current period.

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

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

NOTE: Item 2(c) is to be completed only by holding companies that have adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities. ASU 2016-01 requires holdings of equity securities (except those accounted for under the equity method or that result in consolidation), including other ownership interests (such as partnerships, unincorporated joint ventures, and limited liability companies), to be measured at fair value with changes in the fair value recognized through net income. However, holding companies may choose to measure equity securities and other equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

Holding companies that have not adopted ASU 2016-01 should leave item 2(c) blank and report their holdings of equity securities with readily determinable fair values not held for trading as available-for-sale equity securities in Schedule HC-B, item 7, and in Schedule HC, item 2(b).

For holding companies that are public business entities, as defined in U.S. GAAP, ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For example, a holding company with a calendar year fiscal year that is a public business entity must begin to apply ASU 2016-01 in its FR Y-9C report for March 31, 2018. For all other holding companies, ASU 2016-01 is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. For example, a holding company with a calendar year fiscal year that is not a public business entity must begin to apply ASU 2016-01 in its FR Y-9C report for December 31, 2019. Early application of ASU 2016-01 is permitted for all holding companies that are not public business entities as of fiscal years beginning

after December 15, 2017, including interim periods within those fiscal years.

### **2(c) Equity securities with readily determinable fair values not held for trading.**

Report the fair value of all investments in mutual funds and other equity securities (as defined in ASC Topic 321, Investments-Equity Securities) with readily determinable fair values that are not held for trading. 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.

Exclude equity securities held for trading from Schedule HC, item 2(c). For purposes of the FR Y-9C balance sheet, trading activities typically include (a) regularly underwriting or dealing in securities; interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts; other financial investments; 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. When a holding company's holdings of equity securities with readily determinable fair values falls within the scope of the preceding description of trading activities, the equity securities should be reported as trading assets in Schedule HC, item 5. Otherwise, the equity securities should be reported in this item 2(c).

According to ASC Topic 321, 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 U.S. 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 OTC Markets Group Inc. ("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



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## Schedule HC

value of an investment in a mutual fund (or in a structure similar to a mutual fund, i.e., a limited partnership or a venture capital entity) 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 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 equity securities with readily determinable fair values not held for trading:

- (1) Paid-in stock of a Federal Reserve Bank (report as an equity investment without a readily determinable fair value in Schedule HC-F, item 4).
- (2) Stock of a Federal Home Loan Bank (report as an equity investment without 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).
- (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 investment without 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 investment without a readily determinable fair value in Schedule HC-F, item 4).
- (7) Minority interests held by the reporting institution in any companies not meeting the definition of associated company (report as equity investments without readily determinable fair values in Schedule HC-F, item 4), except minority holdings that indirectly represent bank 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 institution does not exercise significant influence (report as equity investments without readily determinable fair value in Schedule HC-F, item 4), except equity holdings that indirectly represent bank 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) Holdings of capital stock of and investments in unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the reporting bank exercises significant influence (report in Schedule HC, item 8, "Investments in unconsolidated subsidiaries and associated companies").

### **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 continuing contract*, excluding such funds lent in the form of securities purchased under agreements to resell

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## Schedule HC

(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 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, held for investment”).
- (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 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 HC, item 4(b), “Loans and leases, held for investment”).

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 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.

Except as noted below, 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.

Holding companies that have adopted ASU 2016-13, which governs the accounting for credit losses, report the amount in this line item net of any applicable allowance for credit losses.

*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, held for investment,” 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 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 holding

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## Schedule HC

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. Loans and leases held for sale should be reported at the lower of cost or fair value except for those loans held for sale that the holding company has elected to account for at fair value under a fair value option, which should be reported in this item at fair value. For loan and leases held for sale that are reported 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 within this item.

For holding companies that have *not* adopted ASU 2016-13, which governs the accounting for credit losses, no allowance for loan and lease losses should be included in Schedule HC, item 4.c, for loans and leases held for sale. All loans and leases reported in this item must also be reported by loan category in Schedule HC-C.

For holding companies that have adopted ASU 2016-13, no allowances for credit losses should be included in Schedule HC, item 4.c, for loans and leases held for sale.

### **Line Item 4(b) Loans and leases, held for investment.**

Report the amount of loans and leases that the reporting bank has the intent and ability to hold for the foreseeable future or until maturity or payoff, i.e., loans held for investment. Include loans held for investment that the bank has elected to account for at fair value under a fair value option, which should be reported in this item at fair value. All loans and leases reported in this item must also be reported by loan category in Schedule HC-C.

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

For holding companies that have *not* adopted FASB Accounting Standards Update No. 2016-13 (ASU 2016-13), which governs the accounting for credit 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”). Holding companies that have adopted ASU 2016-13 report the allowance for credit losses. For further information, see

the Glossary entry for “allowance for credit losses.” Also include in this item any allocated transfer risk reserve related to loans and leases held for investment that the reporting holding company is required to establish and maintain as specified in Section 905(a) of the International Lending Supervision Act of 1983, in the agency regulations implementing the Act (Subpart D of Federal Reserve Regulation K), and in any guidelines, or instructions issued by the Federal Reserve. This item must equal Schedule HI-B, part II, item 7, column A.

### **Line Item 4(d) Loans and leases, held for investment net of allowance for loan and lease losses.**

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

### **Line Item 5 Trading assets.**

Trading activities typically include (a) regularly underwriting or dealing in securities; interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts; other financial instruments; and other assets for resale; (b) acquiring or taking positions in such items principally for the purpose of selling in the near term or otherwise with the intent to resell in order to profit from short-term price movements; or (c) acquiring or taking positions in such items as an accommodation to customers or for other trading purposes. Assets and other financial instruments held for trading shall be consistently valued at fair value as defined by ASC Topic 820, Fair Value Measurement (formerly FASB Statement No. 157, “Fair Value Measurements”).

For purposes of the FR Y-9C report, all debt securities within the scope of ASC Topic 320, Investment-Debt Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*), that a holding company has elected to report at fair value under a fair value option with changes in fair value reported in current earnings should be classified as trading securities. In addition, for purposes of this report, holding companies may classify assets (other than debt securities within the scope of ASC Topic 320 for which a fair value option is elected) as trading if the holding company applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets as trading positions, subject to the controls and applicable regulatory guidance related to trading

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## Schedule HC

activities. For example, a holding company would generally not classify a loan to which it has applied the fair value option as a trading asset unless the holding company holds the loan, which it manages as a trading position, for one of the following purposes: (1) for market making activities, including such activities as accumulating loans for sale or securitization; (2) to benefit from actual or expected price movements; or (3) to lock in arbitrage profits.

Do not include in this item the carrying value of any available-for-sale securities, 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 debt 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 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 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 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 holding company, its consolidated subsidiaries, and their branches.
- (6) Furniture, fixtures, and movable equipment of the holding company, its consolidated subsidiaries, and their branches.
- (7) Automobiles, airplanes, and other vehicles owned by the holding company or its consolidated subsidiaries and used in the conduct of its business.
- (8) The amount of capital lease property (with the holding company or its consolidated subsidiaries as lessee)—premises, furniture, fixtures, and equipment. See the discussion of accounting with holding company as lessee in the Glossary entry for “lease accounting.”
- (9) (a) Stocks and bonds issued by nonmajority-owned corporations and  
(b) Investments in limited partnerships or limited liability companies (other than investments so minor that the institution has virtually no influence over the partnership or company) whose principal activity is the ownership of land, buildings, equipment, furniture, or fixtures occupied or used (or to be occupied or used) by the holding company or its consolidated subsidiaries. For holding companies that have adopted ASU 2016-01 (see the Note preceding the instructions for Schedule HC, item 2(c)), report such stocks and investments at (i) fair value or (ii) if chosen by the reporting holding company for an equity investment that does not have a readily determinable fair value, at cost minus impairment, if any, plus or minus changes resulting



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## Schedule HC

from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

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 Schedule HC-M item 12(c) “All other identifiable 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 holding company, its consolidated subsidiaries, or their branches (report in item 4(b) “Loans and leases, held for investment”).

### **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 holding company’s investments in the stock of all subsidiaries that have not been consolidated, associated companies, corporate joint ventures, unincorporated joint ventures, and general partnerships over which the 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 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 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 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 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 holding company that are 50 percent or less owned (i.e., less than majority-owned) by the reporting holding company or, for some reason under GAAP, are not consolidated on the reporting 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 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 holding company or a consolidated subsidiary and held for development, resale, or other investment purposes. (Do not include real estate acquired in any



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## Schedule HC

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 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 holding company in substance has virtually the same risks and potential 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 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 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 holding company does not exercise significant influence and investments in limited partnerships and limited liability companies that are so minor that the 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. For holding companies that have adopted ASU 2016-01 (see the Note preceding the instructions for Schedule HC, item 2(c), report such investments at (i) fair value or (ii) if chosen by the reporting holding company for an equity investment that does not have a readily determinable fair value, at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

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

Report the total amount of intangible assets from Schedule HC-M, item 12(d).

### **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.")

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# Schedule HC

## **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 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 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 subsidiaries of the reporting 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 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 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 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 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 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

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## Schedule HC

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 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.
- (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 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 holding company’s trading activities. Trading liabilities shall be consistently valued at fair value as defined by ASC Topic 820, Fair Value Measurement (formerly FASB Statement No. 157, “Fair Value Measurements”).

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

In addition, for purposes of this report, holding companies may classify liabilities as trading if the holding company applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets as trading positions, subject to the controls and applicable regulatory guidance related to trading activities. For 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 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”).

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# Schedule HC

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."

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 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.



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## Schedule HC

- (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 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 holding company’s books and not covered by insurance. This reserve may include, for example, reserves set up to provide for possible losses that holding company may sustain because of lawsuits, the deductible amount under the holding company’s blanket bond, defaults on obligations for which the holding company is contingently liable, or other claims against the 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, or for holding companies that have adopted ASU 2016-13, which governs the

account for credit losses, the allowances for credit losses), reserves for depreciation, and reserves for bond premiums.

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

Report the accumulated balance of other comprehensive income as of the report date in accordance with ASC Subtopic 220-10, Comprehensive Income - Overall (formerly FASB Statement No. 130, “Reporting Comprehensive Income”) net of applicable income taxes, if any. “Other comprehensive income” refers to revenues, expenses, gains, and losses that under generally accepted accounting principles are included in comprehensive income but excluded from net income.

Items of accumulated other comprehensive income include:

- (1) Net unrealized holding gains (losses) on available-for-sale securities (including debt securities transferred into the available-for-sale category from the held-to-maturity category), i.e., the difference between the amortized cost and the fair value of the reporting Bank Holding Company’s available-for-sale securities (excluding any available-for-sale securities previously written down as other-than-temporarily impaired or for holding companies that have adopted ASU 2016-13 any allowances for credit losses, excluding the portion of the difference consisting of an allowance for credit losses, if any).<sup>1</sup> For most institutions, all “securities,” as that term is defined in ASC Topic 320, Investments-Debt Securities (formerly FASB Statement No. 115, “Accounting for Certain Investments in Debt and Equity Securities”), that are designated as “available-for-sale” will be

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1. For example, if the fair value of the reporting institution’s available-for-sale securities exceeds the amortized cost of its available-for-sale securities by \$100,000 (and the institution has had no other transactions affecting the “net unrealized holding gains (losses)” account), the amount to be included in Schedule HC, item 26.b, must be reduced by the estimated amount of taxes using the institution’s applicable tax rate (federal, state and local). (See the Glossary entry for “income taxes” for a discussion of “applicable tax rate.”) If the institution’s applicable tax rate (federal, state and local) is 40 and the tax basis of its available-for-sale securities approximates their amortized cost, the institution would include “net unrealized holding gains” of \$60,000 in Schedule HC, item 26.b. The institution would also have a deferred tax liability of \$40,000 that would enter into the determination of the amount of net deferred tax assets or liabilities to be reported in Schedule HC, item 2, or Schedule HC, item 2.



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## Schedule HC

reported as “Available-for-sale securities” in Schedule HC, item 2.b, and in Schedule HC, columns C and D. However, an institution may have certain assets that fall within the definition of “securities” in ASC Topic 320 (e.g., nonrated industrial development obligations) that it has designated as “available-for-sale” and reports in a balance sheet category other than “Securities” (e.g., “Loans and lease financing receivables”) for purposes of the Report of Condition. These “available-for-sale” assets must be carried on the Holding company’s balance sheet at fair value rather than amortized cost and the difference between these two amounts, net of tax effects, also must be included in this item.

- (2) The unamortized balance of the unrealized holding gain (loss) that existed at the date of transfer of a debt security transferred into the held-to-maturity category from the available-for-sale category. Consistent with ASC Topic 320, when a debt security is transferred from the available-for-sale category into the held-to-maturity category, the (unrealized holding gain (loss) at the date of transfer continues to be reported in the accumulated other comprehensive income 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.
- (3) For institutions that have not adopted ASU 2016-13, the unaccreted 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, plus the accumulated amount of 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.

Holding companies that have adopted ASU 2016-13, which governs the accounting for credit losses, include the unaccreted portion of unrealized losses on available-for-sale and held-to-maturity debt securities that was not recognized in earnings in accordance with ASC Topic 320, plus the accumulated amount of subsequent increases or decreases (not attributable to credit impairment) in the fair value of available-for sale debt securities, or increases in the fair value after a write-down that resulted from the intent to sell or a more likely-than-not requirement to sell.

- (4) Accumulated net gains (losses) on derivative instruments that are designated and qualify as cash flow hedges,<sup>2</sup> i.e., the effective portion<sup>3</sup> of the accumulated change in fair value (gain or loss) on derivative instruments designated and qualifying as cash flow hedges in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, “Accounting for Derivative Instruments and Hedging Activities,” as amended).

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

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

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2. 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 the effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges initially be reported in the accumulated other comprehensive income component of equity capital and subsequently be reclassified into earnings in the same future period or periods that the hedged transaction affects earnings .

3. The effective portion of a cash flow hedge can be described as the 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

hedged transaction from inception of the hedge less the derivative's gains (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 (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 transaction affects earnings (for example, when a hedged variable-rate interest receipt on a loan is accrued or when a forecasted sale occurs).

- (5) Foreign currency translation adjustments and gains (losses) on certain foreign currency transactions accumulated in accordance with ASC Topic 830, Foreign Currency Matters (formerly FASB Statement No. 52, "Foreign Currency Translation"). See the Glossary entry for "foreign currency transactions and translation" for further information.
- (6) The accumulated amounts of gains (losses), transition assets or obligations, and prior service costs or credits associated with single-employer defined benefit pension and other postretirement plans that have not yet been recognized as components of net periodic benefit cost 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 Pensions"; and FASB Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans").

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

Report in this item as a negative amount the carrying value of any treasury stock and 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*).

Report in this item as a negative amount notes receivable that represent a capital contribution and are reported as a deduction from equity capital in accordance with ASC Subtopic 505-10, Equity - Overall (formerly EITF Issue 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). Also report in this item as a negative amount accrued interest receivable on such notes receivable that are reported as a deduction from equity capital in accordance with ASC Subtopic 505-10. Interest income accrued on such notes receivable should not be reported as interest income in Schedule HI, but as additional paid-in-capital in Schedule HC, item 23 or 25, as appropriate. For further information, see the Glossary entry for "capital contributions of cash and notes receivable" and ASC Subtopic 505-10.

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

Report the sum of items 23 through 26(c). This item must equal HI-A, item 15, "Total 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 holding company held by parties other than the parent 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 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."

## **Memoranda**

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

Enter a "1" for yes if the holding company has engaged in a full-scope independent external audit (in which an

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## Schedule HC

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 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 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 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 holding company’s independent external auditing firm. An independent auditing firm is a company that provides full-scope auditing services to the holding company in which an opinion is rendered on their financial statements. 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. For institutions that have *not* adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, 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. Institutions that have adopted ASU 2016-01 should report their holdings of equity securities with readily determinable fair values not held for trading in Schedule HC, item 2.c, not in Schedule HC-B. For further information on ASU 2016-01, see the Note preceding the instructions for Schedule HC-B, item 7.

*Exclude* from this schedule all securities held for trading and debt securities the holding company has elected to report at fair value under a fair value option even if holding company management did not acquire the securities principally for the purpose of selling them in the near term. Securities held for trading and debt securities

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

reported under a fair value option are to be reported in Schedule HC, item 5, “Trading assets,” and, for certain holding companies, in Schedule HC-D - Trading Assets and Liabilities. Trading assets and debt 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 accretion of discount if the debt security was purchased at other than par or face value. (See the Glossary entry for “premiums and discounts.”) As defined in ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157 *Fair Value Measurements*), 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

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## Schedule HC-B

entry for “transfers of financial assets” and “repurchase/resale agreements.”

- (2) Purchases and sales of participations in pools of securities—Similarly, these transactions are not to be treated as purchases or sales of the securities in the pool but as lending or borrowing (i.e., financing) transactions collateralized by the pooled securities if the participation agreements meet the criteria for a borrowing set forth in ASC Topic 860. For further information, see the Glossary entry for “transfers of 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 holding company’s holdings of securities that are reported in Schedule HC-B. If the reporting holding company has transferred pledged securities to the secured party, the reporting 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 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 and sponsored agency obligations.**

Report in the appropriate columns the amortized cost and fair value of all obligations of U.S. Government agencies and U.S. Government-sponsored agencies (excluding mortgage-backed securities) not held for trading.

Distinction between U.S. Government Agencies and U.S. Government-sponsored Agencies — For purposes of these reports, 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. In contrast, a U.S. Government-sponsored agency is defined as an agency 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 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)

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. (Exclude SBA “Guaranteed Interest Certificates,” which represent a beneficial interest in the entire SBA-guaranteed portion of an individual loan. SBA “Guaranteed Interest Certificates” should be



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## Schedule HC-B

reported as loans in Schedule HC-C, or, if held for trading, in Schedule HC, item 5.)

- (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.

Include, among others, debt securities (but not mortgage-backed securities) of the following U.S. 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 from U.S. Government agency and sponsored agency obligations:

- (1) Loans to the Export-Import Bank and to federally-sponsored lending agencies (report in "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 Schedule RC-B, item 4.a.(1), 4.a.(2), or 4.c.(1)(a), below, as appropriate).
- (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 Schedule RC-B, item 4.b.(1) or 4.c.(2)(a), below, as appropriate).

- (4) Participations in pools of Federal Housing Administration (FHA) Title I loans, which generally consist of junior lien home improvement loans (report as loans in Schedule HC-C, generally in item 1.c.(2)(b), Loans "secured by junior liens" on 1-to-4 family residential properties).
- (5) 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(a), "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.

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Items 4(a)(1) through 4(a)(3) are to be completed by holding companies with \$5 billion or more in total assets. Item 4(a)(4) is to be reported by holding companies with less than \$5 billion in total assets.

*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 holding company reports its IDBs 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 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 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 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 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) 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 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. Include mortgage backed securities issued by non-U.S. issuers.

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. “U.S. Government agency and sponsored agency obligations”) and

# Schedule HC-B

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

**Line item 4(a)(4) Guaranteed by GNMA, issued by FNMA and FHLMC and other pass-through securities.**

Holding companies with less than \$5 billion should report Guaranteed by GNMA, issued by FNMA and FHLMC and other pass-through securities. For more information on reporting, refer to line item 4(a)1, 4(a) (2) and 4(a)(3).

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 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 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 resecuritized 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 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).

**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 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 (MBS) 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 investment conduits (REMICs) backed by loans secured by 1-4 family residential properties.

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## Schedule HC-B

- (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).
- (4) Commercial paper backed by loans secured by 1-4 family residential properties.
- (5) All classes of mortgage-backed securities backed by loans secured by 1-4 family residential properties that are not owner-occupied and for which repayment will be derived from the rental income associated with the properties or from sales of the properties (such as single family rental mortgage-backed securities (SFR MBS)).

### **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), including single family rental (SFR) MBS, 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



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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.

### **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. Include asset backed securities issued by non-U.S. issuers. For 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 the amortized cost and fair value of all structured financial products not held for trading. Include cash, synthetic, and hybrid instruments, including those issued by non-U.S. issuers. For holding companies with \$10 billion or more in total assets, this item must equal Schedule HC-B, sum of Memorandum items 6(a) through 6(g). 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.

- (1) A cash instrument means that the instrument represents a claim against a reference pool of assets.
- (2) A synthetic instrument means that the investors do not have a claim against a reference pool of assets; rather, the originating bank merely transfers the inherent credit risk of the reference pool of assets by such means as a credit default swap, a total return



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## Schedule HC-B

swap, or another arrangement in which the counterparty agrees upon specific contractual covenants to cover a predetermined amount of losses in the loan pool.

- (3) A hybrid instrument means that the instrument is a mix of both cash and synthetic instruments.

One of the more common cash instrument structured financial products is referred to as a collateralized debt obligation (CDO). For example, include in this item investments in CDOs for which the underlying collateral is a pool of trust preferred securities issued by U.S. business trusts organized by financial institutions or real estate investment trusts. However, exclude from this item investments in trust preferred securities issued by a single U.S. business trust (report in Schedule HC-B, item 6(a), "Other domestic debt securities").

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.

*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 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 (CDs), even if the CDs are negotiable or have CUSIP numbers. (Report holdings of bankers acceptances as loans in Schedule HC, item 4(a) if held for sale; item 4(b) if held for investment; and item 5, if held for trading. Report holdings of CDs in Schedule HC, item 1(b) if not held for trading; and item 5, if held for trading.)
- (3) All securities that meet the definition of an "equity security" in ASC Topic 321, Investments-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, item 2(c), 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 holding company's stripping of such securities and Treasury receipts such as CATs, TIGRs, COUGARs, LIONs,

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and ETRs. (Refer to the Glossary entry for “coupon stripping, Treasury receipts, and STRIPS” for additional information.)

*Exclude* from other domestic debt securities investments in collateralized debt for which the underlying collateral is a pool of trust preferred securities issues by U.S. business trusts (report as structured financial products in Schedule HC-B, item 5(b)).

### **Line Item 6(b) Other foreign debt securities.**

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

Other Foreign debt securities include:

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

NOTE: Item 7 is to be completed only by holding companies that have not adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities. ASU 2016-01 requires holdings of equity securities with readily determinable fair values (except those accounted for under the equity method or that result in consolidation) to be measured at fair value with changes in the fair value recognized through net income.

Institutions that have adopted ASU 2016-01 should leave item 7 blank and report their holdings of equity securities with readily determinable fair values not held for trading in Schedule HC, item 2(c).

For institutions that are public business entities, as defined in U.S. GAAP, ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For example, an institution with a calendar year fiscal year that is a public business entity must begin to apply ASU 2016-01 in its FR Y-9C Report for March 31, 2018. For all other holding companies, ASU 2016-01 is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. For example, a holding company with a calendar year fiscal year that is not a public business entity must begin to apply ASU 2016-01 in its FR Y-9C Report for December 31, 2019. Early application of ASU 2016-01 is permitted for all institutions that are not public business entities as of fiscal years beginning after December 15, 2017, including interim periods within those fiscal years.

### **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 OTC Markets Group, Inc. (“Restricted stock” means 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

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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 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 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 that indirectly represent 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 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 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 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. For holding companies that have *not* adopted FASB Accounting Standards Update No. 2016-13 (ASU 2016-13), 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."

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## Schedule HC-B

For holding companies that have adopted ASU 2016-13, which governs the accounting for credit losses, the total of column A for this item must equal Schedule HC, item 2(a), “Held-to-maturity securities” plus Schedule HI-B, Part II, item 7, column B, balance end of current period for “Held-to-maturity debt securities,” and the total of column D for this item 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, item 1(b)).
- (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 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 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 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.

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.

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)



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## Schedule HC-B

may use these dates to complete Memorandum items 2(a) through 2(c).

For debt securities with scheduled contractual payments, 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 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 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 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 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 holding company with a remaining maturity or amount of time remaining until next repricing date of over five years.

Note: Memorandum item 3 is to be completed semiannually in the June and December reports only.

### **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 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.



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## Schedule HC-B

### 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 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

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## Schedule HC-B

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.**

*Note: Memorandum item 5 is to be completed by holding companies with \$10 billion or more in total assets.*

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(a).

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 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).

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## Schedule HC-B

### **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 HC-C, item 10; and all other assets.

*Note: Memorandum item 6 is to be completed by holding companies with \$10 billion or more in total 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 Schedule HC-B, item 5(b).

### **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.

*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.

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## Schedule HC-B

**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 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 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 holding company and column B provides detail on loans and leases held by the domestic offices of the reporting holding company. (See the Glossary entry for “domestic office” for the definition of this term.)

Report all loans and leases that the 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 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 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.

If the holding company has elected to apply the fair value option to any loans held for investment or held for sale, it also must report the fair value and unpaid principal balance of these loans in the appropriate subitems of

Schedule HC-Q, Memorandum items 3 and 4, 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 on a Recurring Basis, 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, holding companies may classify loans as trading if the holding company applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets and liabilities as trading positions, subject to the controls and applicable regulatory guidance related to trading activities. For example, a holding company would generally not classify a loan that meets these criteria as a trading asset unless the 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



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## Schedule HC-C

date, except for those that the 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 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.

Holding companies that have *not* adopted FASS Accounting Standards Update No. 2016-13 (ASU 2016-13), which governs the accounting for credit losses, should report loans and leases held for investment in this schedule without any deduction for any 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.”

Holding companies that have adopted ASU 2016-13 should report loans and leases held for investment in this schedule without any deduction for allowances for credit losses on loans and leases or any 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.)

For holding companies that have *not* adopted ASU 2016-13, “Purchased credit-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 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 holding company will be unable to collect all contractually required payments receivable. Neither the accretable yield nor the nonaccretable difference associated with purchased credit-impaired loans should be reported as unearned income in Schedule HC-C, item 11. In addition, the nonaccretable difference, must not be recognized as an adjustment of yield, loss accrual, or valuation allowance.

For holding companies that have adopted ASU 2016-13, “purchased credit-deteriorated loans” are acquired individual loans (or acquired groups of loans with similar risk characteristics) accounted for in accordance with ASC Topic 326, Financial Instruments—Credit Losses, that, as of the date of acquisition, have experienced a more-than-insignificant deterioration in credit quality since origination, as determined by the acquiring institution’s assessment. Unless accounted for at fair value under a fair value option, purchased credit-deteriorated loans should be reported in Schedule HC-C, at amortized cost. Any noncredit discount or premium on a purchased credit-deteriorated loan should not be reported as unearned income in Schedule HC-C, item 11.

If, as a result of a change in circumstances, the 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 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

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## Schedule HC-C

criteria specified by GNMA, the loans are eligible for repurchase, the holding company is deemed to have regained effective control over these loans, and the delinquent loans must be brought back onto the holding company's books as loan assets.

Exclude all intracompany (i.e., between subsidiaries of the consolidated holding company) transactions and all loans and leases held for trading purposes.

All loans are classified according to security, borrower, or purpose. All loans satisfying the criteria in the Glossary entry for "Loans secured by real estate" (except those to states and political subdivisions in the U.S.) should be categorized as "Loans secured by real estate" in Schedule HC-C. Loans secured by other collateral, such as securities, inventory, or automobiles would require further examination on both purpose and borrower to properly categorize the loans in Schedule HC-C. For loan categories in Schedule HC-C that include certain loans to individuals, the term "individual" may include a trust or other entity that acts of behalf of (or in place of) an individual or a group of individuals for purposes of obtaining the loan. 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 holding company or its consolidated subsidiaries have sold under repurchase agreements. Also report all loans and leases on the books of the reporting holding company even if on the report date they are past due and collection is doubtful. Exclude any loans or leases the 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 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.

When a 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 participa-

tion or participating interest in Schedule HC, item 4(b), "Loans and leases, held for investment." The 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).

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## Schedule HC-C

### 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 holding companies with domestic offices only:**

Report loans secured by real estate as a single total in column A for the consolidated 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 multi-family properties, and by nonfarm nonresidential properties. The total of the subitems in column B should equal the consolidated total reported in column A.

#### **For holding companies with domestic and foreign offices:**

Report loans secured by real estate as a single total in column A for the consolidated 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 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.
- (4) Loans secured by real estate that are guaranteed by the Small Business Administration (SBA). Include SBA “Guaranteed Interest Certificates,” which represent a beneficial interest in the entire SBA-guaranteed portion of an individual loan, provided the loan is a loan secured by real estate. (Exclude SBA “Guaranteed Loan Pool Certificates,” which

represent an undivided interest in a pool of SBA-guaranteed portions of loans. SBA “Guaranteed Loan Pool Certificates” should be reported as securities in Schedule HC-B, item 2, or, if held for trading, in Schedule HC, item 5.)

*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 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 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.

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## Schedule HC-C

140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, as amended by FASB Statement 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:

- 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 holding company or is otherwise repaid, (2) the 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 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 subitem of Schedule HC-C, item 1(a).



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## Schedule HC-C

*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 semi-detached 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 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.



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## Schedule HC-C

- (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.

### **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 and loans secured by vacant lots in established multifamily residential sections or in areas set aside primarily for multifamily residential properties (report in item 1(a)(2)). Also

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## Schedule HC-C

exclude loans secured by nonfarm nonresidential properties (report in item 1(e)).

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

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

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

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

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

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

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

by churches unless the property is owned by an investor who leases the property to the congregation (in which 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 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 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 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 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:

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## Schedule HC-C

- (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 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).
- (3) Loans to holding companies of depository institutions not owned or controlled by the reporting 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

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## Schedule HC-C

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 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 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 holding company’s holdings of all bankers acceptances accepted by other 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 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 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.



# Schedule HC-C

Items 4(a) and 4(b) are to be completed by HCs with \$5 billion or more in assets. Item 4(c) is to be completed by holding companies with less than \$5 billion in total assets.

- (3) Agricultural notes and other notes of farmers that the 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. Include SBA “Guaranteed Interest Certificates,” which represent a beneficial interest in the entire SBA-guaranteed portion of an individual loan, provided the loan is for the financing of agricultural production or other lending to farmers. (Exclude SBA “Guaranteed Loan Pool Certificates,” which represent an undivided interest in a pool of SBA-guaranteed portions of loans. SBA “Guaranteed Loan Pool Certificates” should be reported as securities in Schedule HC-B, item 2.a, or, if held for trading, in Schedule HC, item 5.)
- (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 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 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 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 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 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;



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## Schedule HC-C

- (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 (SBA). Include SBA "Guaranteed Interest Certificates," which represent a beneficial interest in the entire SBA-guaranteed portion of an individual loan, provided the loan is for commercial and industrial purposes. (Exclude SBA "Guaranteed Loan Pool Certificates," which represent an undivided interest in a pool of SBA-guaranteed portions of loans. SBA "Guaranteed Loan Pool Certificates" should be reported as securities in Schedule HC-B, item 2.a, or, if held for trading, in Schedule HC, item 5.)
- (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)).
  - (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 holding company (report in item 2).

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## Line Item 4(c) To U.S. addressees and non-U.S. addressees (domicile)

Holding companies with less than \$5 billion should report in column A, as appropriate, all commercial and industrial loans to U.S. and non-U.S. addressees. (For a detailed discussion of U.S. and non-U.S. addressees, see the Glossary entry for “domicile.”)

- (8) Holdings of acceptances of banking subsidiaries of the consolidated 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 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 holding companies with foreign offices, report the amount outstanding of loans to individuals for household, 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 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

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 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 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 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 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”).

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## Schedule HC-C

- (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 pre-arranged overdraft plans (report in Schedule HC-C, item 6(b)).

If the 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.” 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 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:

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## Schedule HC-C

- (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 holding company.
- (2) Retail installment sales paper purchased by the 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));
  - (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

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## Schedule HC-C

entry for “foreign governments and official institutions” for the definition of this term.)

Include bankers acceptances accepted by the subsidiary banks of the reporting 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 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).
- (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.



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Item 9(b)(1) and 9(b)(2) are to be completed by holding companies with \$5 billion or more in total consolidated assets. Item 9(b)(3) is to be reported by holding companies with less than \$5 billion in total assets.

- (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 holding company may determine the purpose of the loan according to the most current information available.

## 9b(3) Loans for purchasing or carrying securities and all other loans.

Holding companies with less than \$5 billion should report in columns A and B, as appropriate, Loans for purchasing or carrying securities (secured or unsecured) and all other loans (exclude consumer loans) as described above.

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; and overdrafts of foreign governments and official institutions, which are to be reported in Schedule HC-C, item 7.
- (2) Loans (other than those that meet the definition of a “loan secured by real estate”) to nonprofit organiza-

tions (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.”
- (4) Obligations (other than securities and leases) of states and political subdivisions in the U.S.

*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 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

# Schedule HC-C

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 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 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 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 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, the preferred treatment is to report the specific loan categories net of both unearned income and net unamortized loan fees. A reporting holding company should enter in columns A and B of this item, as appropriate, unearned income and net unamortized loan fees only to the extent that these amounts are included in (i.e., not deducted from) the various loan items (items 1 through 9) of this schedule. If a holding company reports each loan item of this schedule net of both unearned income and net unamortized loan fees, enter a zero in this item.

Do not include net unamortized direct loan origination costs in this item; such costs must be added to the related loan balances reported in Schedule HC-C, items 1

through 9. In addition, do not include unearned income on lease financing receivables in this item. Leases should be reported net of unearned income in Schedule HC-C, item 10.

## **Line Item 12 Total loans and leases, held for investment and held for sale.**

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 holding company, for economic or legal reasons related to a borrower’s financial difficulties, grants a concession to the borrower that it would not

### **Line Item 10(c) Lease finance receivable. (insert space below this caption item)**

Holding companies with less than \$5 billion should report in columns A, all outstanding balances relating to lease finance receivables acquired by the fully consolidated holding company.

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 holding company was willing to accept for a new extension of credit with comparable risk, the loan need

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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 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

HC-C memo items 1(a)(1) through 1(d)(2) and 1(e)(3) through 1(f)(3)(c) are to be completed semiannually in June and December by HCs with less than \$5 billion total assets.

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 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 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)).

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**Items M1(e)(1) and M1(e)(2) are to be completed by holding companies with \$5 billion or more in total assets. Item M1(e)(3) is to be reported by holding companies with less than \$5 billion in total assets.**

## **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

### **Line Item M1(e)(3) To U.S. addressees and non-U.S. addressees (domicile)**

Holding companies with less than \$5 billion should report all commercial and industrial loans to U.S. addressees and non-U.S. addressees that have been restructured in troubled debt restructuring and are in compliance with their modified terms. Exclude from this item commercial and industrial loans restructured in troubled debt restructurings that, under their modified terms, are past due 30 days or more or are in nonaccrual status.

- (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));



# Schedule HC-C

To be completed by holding companies with \$5 billion or more in total assets.

- (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)(3), each category of loans within “All other loans” that have been restructured in troubled debt restructurings and are in compliance with their modified terms, and the dollar amount of loans in such category, that exceeds 10 percent of total loans restructured in troubled debt restructurings that are in compliance with their modified terms (i.e., 10 percent of the sum of Schedule HC-C, Memorandum items 1(a) through 1(f)). Preprinted captions have been provided in Memorandum items 1(f)(1) through 1(f)(3) 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 finance agricultural production and other loans to farmers; (Consumer) Credit cards; Automobile loans; and Other consumer loans.

## **Line Item M1(g) Total loans restructured in troubled debt restructurings that are in compliance with their modified terms.**

Report the sum of Memorandum items 1.a.(1) through 1.f.).

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

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

Such loans generally may include:

- (1) loans made for the express purpose of financing real estate ventures as evidenced by loan documentation or other circumstances connected with the loan; or
- (2) loans made to organizations or individuals 80 percent of whose revenue or assets are derived from or consist of real estate ventures or holdings.

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) holding companies that, together with affiliated institutions, have outstanding credit card receivables that exceed \$500 million as of the report date or (2) 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 holding companies are defined as those 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).*



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## Schedule HC-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.

*Note: Memorandum items 5(a) and 5(b) are to be completed only by holding companies that have not adopted ASU 2016-13 and are to be reported semiannually in the June and December reports only. Holding companies that have adopted ASU 2016-13 should leave these two items blank.*

### **Line Item M5 Purchased credit-impaired loans held for investment accounted for in accordance with ASC Subtopic 310-30.**

Report in the appropriate subitem the outstanding balance and amount of “purchased credit-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 credit-impaired loans are loans that a 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 holding company will be unable to collect all contractually required payments receivable. Loans held for investment are those that the 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 credit-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 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) 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 credit-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.

*Note: Memorandum items 6(a), 6(b), and 6(c) are to be completed semiannually in the June and December reports only.*

### **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 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 amount of these loans. Negative amortization refers to a method in which a loan is structured so that the borrower’s minimum monthly (or other periodic) payment is contractually permitted to be less than the full amount of interest owed to the lender, with the unpaid interest added to the loan’s principal balance. The contractual terms of the loan provide that if the borrower allows the principal balance to rise to a pre-specified amount or maximum cap, the loan payments are then recast to a fully amortizing schedule. Negative amortization features may be applied to either adjustable rate mortgages or fixed rate mortgages, the latter commonly referred to as graduated payment mortgages (GPMs).

Exclude reverse 1–4 family residential mortgage loans as described in the instructions for Schedule HC-C, item 1(c).

#### **Line Item M6(a) Total 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 holding companies.*

Report the total 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 amounts included in this item will also have been reported in Schedule HC-C, items 1(c)(2)(a) and (b).

# Schedule HC-C

*Memorandum items 6(b) and 6(c) are to be completed semiannually in the June and December reports only by 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, held for investment and held for sale, 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 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 amortization, report the total amount of negative amortization included in the 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 amount should continue to be reported until the principal balance of the loan has been reduced

and by HCs with \$5 billion or more in total total assets. Item M12(e) is to be reported by holding companies with less than \$5 billion in total assets.

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 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.

**Line Item M10 Not applicable.**

**Line Item M11 Not applicable.**

Note: Memorandum items 12(a), 12(b), 12(c) and 12(d) are to be completed semiannually in the June and December reports only.

**Line Item M12 Loans (not subject to the requirements of ASC 310-10) (Former AICPA of Position 03-3) 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

# Schedule HC-C

calendar year. The acquisition date is the date on which the holding company obtains control<sup>1</sup> of the acquiree.

Loans and leases acquired in the current calendar year should be reported in this item in the reports for June 30 and December 31 of the current calendar year, as appropriate, regardless of whether the bank still holds the loans and leases. For example, loans and leases acquired in a business combination with an acquisition date in the first six months of the current calendar year should be reported in this item in both the June 30 and December 31 reports for the current calendar year; loans and leases acquired in the second six months of the current calendar year should be reported in the December 31 report for the current calendar year.

Institutions that have not adopted ASU 2016-13, which governs the accounting for credit losses, should exclude purchased credit-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, see the Glossary entry for “purchased credit-impaired loans and debt securities.”)

For holding companies that have adopted ASU 2016-13, which governs the accounting for credit losses, *exclude* purchased credit-deteriorated loans held for investment. For further information, see the Glossary entries for “purchased credit deteriorated (DCD) 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

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).

due, if any, and scheduled to be paid in the future, on the acquired loans and leases held for investment at the acquisition date.

For holding companies that have adopted ASU 2016-13, report the expected cash flows of the acquired loans and leases as of the acquisition date in column B.

**Column C, Best estimate at acquisition date of contractual cash flows not expected to be collected:** Report in this column the 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 holding company does not expect to collect.

For holding companies that have adopted ASU 2016-13, report the allowance for credit losses a holding company would have recorded as of the acquisition date, column C.

## 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.

## Schedule HC-C

**Memo Item 12(e) is to be reported by holding companies with less than \$5 billion in total assets.**

**Line Item M12(e) loans and all leases.**

Report in the appropriate column the specified amount for:

- (1) Loans secured by real estate.
- (2) Commercial and industrial loans
- (3) Loans to individuals for household, family, and other personal expenditures
- (4) All other loans and leases

**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 consoli-

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 holding company transactions with the holding company continuing to own the loans and leases unless the holding company defaults on the transaction.

When a 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 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

with \$5 billion or more in total consolidated assets.

### General Instructions

**Schedule HC-D is to be completed by holding companies that reported total trading assets of \$10 million or more in any of the four preceding calendar quarters. Memorandum items 2 through 10 are to be completed by holding companies with \$10 billion or more in total 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, and (c) acquiring or taking positions in such items as an accommodation to customers or for other trading purposes.

For purposes of the FR Y-9C report, all debt securities within the scope of ASC Topic 320, Investments – Debt Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*), that a holding company has elected to report at fair value under a fair value option with changes in fair value reported in current earnings should be classified as trading securities. In addition, for purposes of this report, holding companies may classify assets (other than debt securities within the scope of ASC Topic 320) and liabilities as trading if the holding company applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets and liabilities as trading positions, subject to the controls and applicable regulatory guidance related to trading activities. For example, a holding company would generally not classify a loan to which it has applied the fair value option as a trading asset unless the holding company holds the loan, which it manages as a trading position, for one of the following purposes: (a) for market making activities,

including such activities as accumulating loans for sale or securitization; (b) to benefit from actual or expected price movements; or (c) to lock in arbitrage profits. When reporting loans classified as trading in Schedule HC-D, holding companies should include only the fair value of the funded portion of the loan in item 6 of this schedule. If the unfunded portion of the loan, if any, is classified as trading (and does not meet the definition of a derivative), the fair value of the commitment to lend should be reported as an “Other trading asset” or an “Other trading liability,” as appropriate, in Schedule HC-D, item 9 or item 13(b), respectively.

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

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

### 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.



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## Schedule HC-D

### **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. Government 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 the total fair value of all structured financial products (as defined for Schedule HC-B, item 5(b), “Structured financial products”) held for trading. Include cash, synthetic, or hybrid instruments.

#### **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.

# Schedule HC-D

## **6(a)(1) Loans secured by 1-4 family residential properties.**

Report the total fair value of all open-end and closed-end loans secured by 1-4 family residential properties (as defined for Schedule HC-C, item 1(c) held for trading.

Include:

- (1) 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.
- (2) 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.
- (3) Closed-end loans secured by junior liens on 1-4 family residential properties (as defined for Schedule HC-C, part I, item 1(c)(2)(b)) held for trading.

## **6(a)(2) All other loans secured by real estate.**

Report the total fair value of all other loans secured by real estate held for trading.

Include:

- (1) Construction, land development, and other land loans (as defined for Schedule HC-C, item 1(a)) held for trading.
- (2) Loans secured by farmland (as defined for Schedule HC-C, item 1(b)) held for trading.
- (3) Loans secured by multifamily (5 or more) residential properties (as defined for Schedule HC-C, item 1(d)) held for trading.
- (4) Loans secured by nonfarm nonresidential properties (as defined for Schedule HC-C item 1(e)) held for trading.

## **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 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.

Include:

- (1) 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.
- (2) 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.
- (3) All loans to individuals for household, family, and other personal expenditures 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.
- (4) 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(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. Include Certificates of Deposit held for trading. 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

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## Schedule HC-D

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 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 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 holding company’s liabilities resulting from sales of assets that the reporting holding company does not own (see the Glossary entry for “short position”).

#### **Line Item 13(a)(1) Equity securities.**

Report the fair value of the reporting holding company’s liabilities resulting from sales of equity securities that the reporting holding company does not own, thereby establishing a short position.

#### **Line Item 13(a)(2) Debt securities.**

Report the fair value of the reporting holding company’s liabilities resulting from sales of debt securities that the reporting 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 holding company’s liabilities resulting from sales of all assets other than equity securities or debt securities that the reporting 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 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 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 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 (as defined for Schedule HC-C, item 1) held for trading.

#### **1(a)(1) Loans secured by 1-4 family residential properties.**

Report 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)(1).

# Schedule HC-D

Include:

- (1) 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.
- (2) 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.
- (3) 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.

## **1(a)(2) All other loans secured by real estate.**

Report the total unpaid principal balance outstanding for all other loans secured by real estate held for trading reported in Schedule HC-D, item 6(a)(2).

Include:

- (1) Construction, land development, and other land loans (as defined for Schedule HC-C, item 1(a)) held for trading.
- (2) Loans secured by farmland (as defined for Schedule HC-C, item 1(b)) held for trading.
- (3) Loans secured by multifamily (5 or more) residential properties (as defined for Schedule HC-C, item 1(d)) held for trading.
- (4) Loans secured by nonfarm nonresidential properties (as defined for Schedule HC-C, item 1(e)) held for trading.

## **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 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).

Include:

- (1) 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.
- (2) 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.
- (3) All consumer loans to individuals for household, family, and other personal expenditures 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.
- (4) 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 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).

Note: Memorandum items 2 through 10 are to be completed by holding companies with \$10 billion or more in total trading assets.

## **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.

## **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.

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## Schedule HC-D

### **Line Item M2(b) Unpaid principal balance.**

Report 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, item 5(a).

### **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.



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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 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. In general, the pledging of loans is the act of setting aside certain loans to secure or collateralize holding company transactions with the holding company continuing to own the loans unless the holding company defaults on the transaction.

### **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 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.

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## Schedule HC-D

**Line Item M6 Not applicable.**

**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 held for trading that are outside the scope of ASC Topic 320.

**Line Item M7(a) Readily determinable fair values.**

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

**Line Item M7(b) Other.**

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

**Line Item M8 Loans pending securitization.**

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

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

Report the gross positive fair value of all commodity contracts that the holding company holds for trading purposes. Commodity contracts are contracts that have a

return, or a portion of their return, linked to the price of or to an index of precious metals, petroleum, lumber, agricultural products, etc.

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

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

**Line Item M9(b) Other trading assets.**

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 \$1,000,000 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 \$1,000,000 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 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 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 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 holding company has cancelled a liability as opposed to having acquired an asset for its portfolio.
  - (8) Cash payments received in connection with transfers of the holding company's other real estate owned that have been financed by the holding company and do not qualify for sale accounting, which applicable accounting standards describe as a "liability," a "deposit," or a "deposit liability." Until a transfer qualifies for sale accounting, these cash payments shall be reported in Schedule HC-G, item 4, "All other liabilities." See the Glossary entry for "foreclosed assets" for further information.
- 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 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.
  - (5) Funds received or held in connection with checks or drafts drawn by a subsidiary depository institution of the reporting 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 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 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 holding company, until the amount of the checks is remitted to another party.
  - (7) Checks drawn by a subsidiary depository institution of the reporting 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 holding company prior to loan closing.
  - (9) Refundable stock subscription payments received or held by the reporting holding company prior to the issuance of the stock. (Report nonrefundable stock subscription payments in Schedule HC-G, item 4, "Other" liabilities.)
  - (10) Improperly executed repurchase agreement sweep accounts (repo sweeps). According to Section 360.8

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## Schedule HC-E

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 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.

- (11) The unpaid balance of money received or held by the reporting institution that the reporting institution promises to pay pursuant to an instruction received through the use of a card, or other payment code or access device, issued on a prepaid or prefunded basis.

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 holding company.**

Report in items 1(a) through 1(e) below deposits held in domestic offices of the commercial bank subsidiaries of the reporting 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 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 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 holding company organization or its agents.
- (5) Outstanding drafts and bills of exchange accepted by the consolidated 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 holding company on an account maintained at a U.S. office of the bank subsidiary. Such drafts are, for the *Consolidated Financial Statements for 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



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## Schedule HC-E

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 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 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 \$250,000 or less**

Report in this item all time deposits with balances of \$250,000 or less that are held in domestic offices of the commercial bank subsidiaries of the reporting holding company. This item includes both time certificates of deposit and open-account time deposits with balances of \$250,000 or less, 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 \$250,000 or less.
- (2) Interest paid by crediting nontransaction time deposit accounts with balances of \$250,000 or less.
- (3) Time deposits issued to deposit brokers in the form of large (more than \$250,000) certificates of deposit

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## Schedule HC-E

that have been participated out by the broker in shares of \$250,000 or less. In addition, if the bank subsidiary has issued a master certificate of deposit to a deposit broker in an amount that exceeds \$250,000 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 (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 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 \$250,000 or less.

Exclude from this item all time deposits with balances of more than \$250,000 (report in item 1(e) below).

### **Line Item 1(e) Time deposits of more than \$250,000.**

Report in this item all time deposits, including time certificates of deposit and open-account time deposits with balances of more than \$250,000, regardless of negotiability or transferability that are held in the commercial bank subsidiaries of the reporting holding company.

Include the following:

- (1) Time deposits (as defined in the Glossary entry for “deposits”), which are deposits with original maturities of seven days or more, that are not classified as transaction accounts and that have balances of more than \$250,000.
- (2) Interest paid by crediting nontransaction time deposit accounts with balances of more than \$250,000.

Exclude the following:

- (1) All time deposits issued to deposit brokers in the form of large (more than \$250,000) certificates of deposit that have been participated out by the broker in shares of \$250,000 or less (report in item 1(d)).
- (2) All time deposits with balances of \$250,000 or less (report in item 1(d)),

NOTE: Holding companies should include as time deposits of their commercial bank subsidiaries of more than \$250,000 those time deposits originally issued in denominations of \$250,000 or less but that, because of interest paid or credited, or because of additional deposits, now have a balance of more than \$250,000.

### **Line Item 2 Deposits held in domestic offices of other depository institutions that are subsidiaries of the reporting holding company.**

NOTE: Items 2(a) through 2(e) are to be completed only by 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 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 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 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

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## Schedule HC-E

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 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.
- (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 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.

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## Schedule HC-E

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 \$250,000 or less.**

Report in this item all time deposits with balances of \$250,000 or less 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 holding company. This item includes both time certificates of deposit and open-account time deposits with balances of \$250,000 or less, 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 \$250,000 or less.
- (2) Interest paid by crediting nontransaction time deposit accounts with balances of \$250,000 or less.
- (3) Time deposits issued to deposit brokers in the form of large (more than \$250,000) certificates of deposit that have been participated out by the broker in shares of \$250,000 or less. In addition, if the depository institution has issued a master certificate of deposit to a deposit broker in an amount that exceeds \$250,000 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 should be reported in this item as time deposits \$250,000 or less.

Exclude from this item all time deposits with balances of more than \$250,000 (report in item 2(e) below).

### **Line Item 2(e) Time deposits of more than \$250,000.**

Report in this item all time deposits, including time certificates of deposit and open-account time deposits with balances of more than \$250,000, regardless of negotiability or transferability that are held in depository institutions (other than commercial banks) that are subsidiaries of the reporting holding company.

Include the following:

- (1) Time deposits (as defined in the Glossary entry for "deposits"), which are deposits with original maturities of seven days or more, that are not classified as transaction accounts and that have balances of more than \$250,000.
- (2) Interest paid by crediting nontransaction time deposit accounts with balances of more than \$250,000.

Exclude the following:

- (1) All time deposits issued to deposit brokers in the form of large (more than \$250,000) certificates of deposit that have been participated out by the broker in shares of \$250,000 or less (report in item 2(d)).
- (2) All time deposits with balances of \$250,000 or less (report in item 2(d)),

NOTE: Holding companies should include as time deposits held in their depository institution subsidiaries (other than commercial banks) with balances of more than \$250,000, those time deposits originally issued in denominations of \$250,000 or less, but that, because of interest paid or credited, or because of additional deposits, now have a balance of more than \$250,000.

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## Schedule HC-E

### Memoranda

#### **Line Item M1 Brokered deposits \$250,000 or less 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 \$250,000 or less with a remaining maturity of one year or less and are held in domestic offices of commercial banks or other depository institutions that are subsidiaries of the reporting holding company. Remaining maturity is the amount of time remaining from the report date until the final contractual maturity of a brokered deposit. Include in this item time deposits issued to deposit brokers in the form of large (more than \$250,000) certificates of deposit that have been participated out by the broker in shares of \$250,000 or less. Also report in this item all brokered demand and savings deposits with balances of \$250,000 or less. See the Glossary entries for “Brokered deposits” and “Brokered retail deposits” for additional information.

#### **Line Item M2 Brokered deposits \$250,000 or less 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 \$250,000 or less with a remaining maturity of more than one year and are held in domestic offices of commercial banks or other depository institutions that are subsidiaries of the reporting holding company. Remaining maturity is the amount of time remaining from the report date until the final

contractual maturity of a brokered deposit. Include in this item time deposits issued to deposit brokers in the form of large (more than \$250,000) certificates of deposit that have been participated out by the broker in shares of \$250,000 or less. See the Glossary entries for “Brokered deposits” and “Brokered retail deposits” for additional information.

#### **Line Item M3 Time deposits of more than \$250,000 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 more than \$250,000 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 (more than \$250,000) certificates of deposit that have been participated out by the broker in shares of \$250,000 or less.

#### **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 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 holding company. Eliminate all intercompany balances between offices, subsidiaries, and other entities included in the scope of the consolidated holding company.

Holding companies that have adopted ASU 2016-13, which governs the accounting for credit losses, should report assets on Schedule HC-F net of any applicable allowance for credit losses.

#### Line Item 1 Accrued interest receivable.

Report the amount of recorded accrued interest on interest-bearing assets applicable to current or prior periods that has not yet been collected. Exclude accrued interest receivable on interest-bearing assets that is reported elsewhere on Schedule RC, Balance Sheet.

Holding companies that have adopted ASU 2016-13 should report amounts in this item net of any applicable allowance for credit losses. Exclude retained interests in accrued interest receivable related to securitized credit cards (report in Schedule HC-F, item 6, "All other assets").

#### 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 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):

Report the fair value of interest-only strips receivable (not in the form of a security) on mortgage loans and all other financial assets.

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 the 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

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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

a security that are held for trading, which should be reported in Schedule HC, item 5.

### **Line Item 4 Equity investments without readily determinable fair values.**

Report the reporting holding company's equity securities and other equity investments without readily determinable fair values that are not reportable in other items on the FR Y-9C report balance sheet (Schedule HC). An equity security does not have a readily determinable fair value if sales prices or bid-and-asked quotations are not currently available on a securities exchange registered with the U.S. Securities and Exchange Commission (SEC) or are not publicly reported by the National Association of Securities Dealers Automated Quotations systems or by OTC Markets Group Inc. The fair value of an equity security traded only in a foreign market is not readily determinable if that foreign market is not of a breadth and scope comparable to one of the U.S. markets referred to above.

Equity investments that do not have readily determinable fair values may have been purchased by the reporting holding company or acquired for debts previously contracted.

For holding companies that have not adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities (see the Note preceding the instructions for Schedule HC, item 2(c), report equity securities and other equity investments without readily determinable fair values at historical cost. 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").

For holding companies that have adopted ASU 2016-01, report equity securities and other equity investments without readily determinable fair values at (i) fair value or (ii) if chosen by the reporting holding company for an individual equity investment that does not have a readily determinable fair value, at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. These equity securities are within the scope of ASC Topic 321, Investments-Equity Securities, or ASC Topic 323, Investments-Equity Method and Joint Ventures.

Although Federal Reserve Bank stock and Federal Home Loan Bank stock do not have readily determinable fair values, they are outside the scope of ASC Topics 321 and 323. In accordance with ASC Subtopic 942-325, Financial Services-Depository and Lending – Investments-Other, Federal Reserve Bank stock and Federal Home Loan Bank stock are carried at cost and evaluated for impairment.

*Include* in this item:

- (1) Federal Reserve Bank stock.
- (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) Federal Home Loan Bank stock.
- (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 holding company in any company not meeting the definition of associated company, except minority holdings that indirectly represent premises of the 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 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

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## Schedule HC-F

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 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 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 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 holding company, its consolidated subsidiaries, and grantor (rabbi) trusts established by the holding company or its consolidated subsidiaries, regardless of the purposes for acquiring the insurance. A 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 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 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 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

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## Schedule HC-F

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 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 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) which cannot properly be reported in Schedule HC, items 1 through 10.

Holding companies that have adopted ASU 2016-13, report financial assets included within this line item net of any applicable allowances for credit losses.

*Include* as all other assets:

- (1) Prepaid expenses i.e., those applicable as a charge against earnings in future periods.
- (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 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 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 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 holding company on drafts and bills of exchange that have been accepted by the reporting holding company, or by others for its account, and are outstanding. The amount of customers' liability to the reporting holding company on its acceptances that have not



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## Schedule HC-F

yet matured should be reduced only when: (a) the customer anticipates its liability to the reporting holding company on an outstanding acceptance by making a payment to the holding company in advance of the acceptance's maturity that immediately reduces the customer's indebtedness to the holding company on such an acceptance; or (b) the reporting holding company acquires and holds its own acceptance. See the Glossary entry for "bankers acceptances" for further information.

- (13) Debt issuance costs related to line-of-credit arrangements, net of accumulated amortization. Debt issuance costs related to a recognized debt liability that is not a line-of-credit arrangement should be presented as a direct deduction from the face amount of the related debt, not as an asset. For debt reported at fair value under a fair value option, debt issuance costs should be expensed as incurred.
- (14) Furniture and equipment rented to others under operating leases, net of accumulated depreciation.
- (15) Ground rents.
- (16) Customers' liability for deferred payment letters of credit.
- (17) Reinsurance recoverables of insurance subsidiaries from unaffiliated reinsurers only. (Also report, as appropriate, in Schedule HC-I).
- (18) "Separate account assets" of insurance subsidiaries. (Also report, as appropriate, in Schedule HC-I).
- (19) The positive fair value of unused loan commitments (not accounted for as derivatives) that the holding company has elected to report at fair value under a fair value option.
- (20) 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."
- (21) Indemnification assets arising from loss-sharing agreements with the FDIC covering specified assets acquired from failed insured depository institutions 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, held for investment.")

- (22) Receivables arising from foreclosures on fully and partially government-guaranteed mortgage loans if the guarantee is not separable from the loan before foreclosure and, at the time of foreclosure, (a) the institution's intent is to convey the property to the guarantor and make a claim on the guarantee and the holding company has the ability to recover under that claim, and (b) any amount of the claim that is determined on the basis of the fair value of the real estate is fixed. For further information, see the Glossary entry for "Foreclosed assets."

*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 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 holding company has not yet received title to the property, and real estate collateral underlying a loan when the holding company has obtained physical possession of the collateral (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 holding company. Eliminate all intercompany balances between offices, subsidiaries, and other entities included in the scope of the consolidated 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 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.

Holding companies that have adopted FASB Accounting Standards Update No. 2016-13, which governs the accounting for credit losses, should exclude off-balance sheet credit exposures that are unconditionally cancelable by the holding company when estimating expected credit losses.

#### 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 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) 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).

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## Schedule HC-G

- (10) Unearned premiums of insurance subsidiaries. (Also report, as appropriate, in Schedule HC-I).
- (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 holding company, or by others for its account, and that are outstanding. The holding company’s liability on acceptances executed and outstanding should be reduced prior to the maturity of such acceptances only when the reporting 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 holding company has elected to report at fair value under a fair value option.
- (16) Cash payments and other consideration received in connection with transfers of the reporting holding company’s other real estate owned that have been financed by the institution and do not qualify for sale accounting, which applicable accounting standards describe as a “liability,” a “deposit,” or a “deposit liability.” See the Glossary entry for “foreclosed assets” for further information.

*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 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 holding company’s receipt of payment and the 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 holding company.

The information reported on this schedule must be consolidated on the same basis as the rest of the *Consolidated Financial Statements for Holding Companies*. However, 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 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 holding company’s offices (excluding “shells”) in foreign countries and do not exceed 10 percent of the total consolidated assets of the reporting holding company as of the report date. (Note: In determining the total assets of offices in foreign countries eligible for exclusion from this schedule, 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 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 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:

- (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

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## Schedule HC-H

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 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, holding companies with multipayment 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, 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 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, held for investment, as fixed rate instruments.

Note, however, 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

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## Schedule HC-H

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 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 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, 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:

- (1) the dollar amount of floating or variable rate deposits that can be *repriced* in less than one year even if few,



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## Schedule HC-H

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

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

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

## Part I. Property and Casualty

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

### Assets

#### **Line Item 1 Reinsurance recoverables.**

Report reinsurance recoverables from unaffiliated property casualty reinsurers only.

#### **Line item 2 Total assets.**

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

### Liabilities

#### **Line item 3 Claims and claims adjustment expense reserves.**

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

#### **Line item 4 Unearned premiums.**

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

#### **Line item 5 Total equity.**

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

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# Schedule HC-I

## **Line item 6 Net income.**

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

## **Part II. Life and Health**

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

### **Assets**

#### **Line Item 1 Reinsurance recoverables.**

Report reinsurance recoverables from unaffiliated life and health reinsurers only.

#### **Line item 2 Separate account assets.**

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

#### **Line item 3 Total assets.**

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

integral part of the company's life and health insurance underwriting activities.

### **Liabilities**

#### **Line item 4 Policyholder benefits and contractholder funds.**

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

#### **Line item 5 Separate account liabilities.**

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

#### **Line item 6 Total equity.**

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

#### **Line item 7 Net income.**

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

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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 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 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 holding company should include in the numerator:

- Dollar amounts for the reporting holding company for each day (or each Wednesday) from the beginning of the quarter until the acquisition date and
- Dollar amounts for the reporting 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 holding company was involved in a transaction between entities under common control 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 holding company should include dollar amounts for both the reporting holding company and the business that was combined in the transaction 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, pushdown accounting, and transactions between entities under common control, see the Glossary entry for “business combinations.”

If the holding company began operating during the calendar quarter, the quarterly averages for the holding company should include only the dollar amounts for the days (or Wednesdays) since the holding company began operating in the numerator and the number of days (or Wednesdays) since the holding company began operating in the denominator.

Holding companies that have adopted FASB Accounting Standards Update No. 2016-13, which governs the accounting for credit losses, should not deduct allowances for credit losses, if any, from the related amortized cost amounts when calculating quarterly averages for items for Schedule HC-K, items 1 through 4. However, such holding companies should deduct allowances for credit losses from the related amortized cost amounts when calculating the quarterly average for total consolidated assets for Schedule HC-K, item 5.

### Assets

#### Line Item 1 Securities.

**Line Item 1(a) U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities).**

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## Schedule HC-K

Report the quarterly average of the amortized cost of the 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 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).

### **Line Item 1(c) All other debt securities and equity securities with readily determinable fair values not held for trading purposes.**

For holding companies that have not adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities (see the Note preceding Schedule HC-B, item 7), report the quarterly average of the amortized cost of the 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).

For holding companies that have adopted ASU 2016-01, report the quarterly average of the amortized cost of the 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 fair value of the holding company's investments in mutual funds and other equity securities with readily determinable fair values (as defined for Schedule HC, item 2(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, held for investment, in domestic offices of the reporting 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).



# Schedule HC-K

with \$5 billion or more in total assets.

## 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 held for investment (as defined for Schedule HC-C, items 1 through 10, less item 11), held in the reporting holding company's foreign offices, Edge and Agreement subsidiaries, and IBFs.

Note: Item 4(a) is to be completed by holding companies that reported total trading assets of \$10 million or more in any of the four preceding calendar quarters.

## Line Item 4(a) Trading assets.

Report the quarterly average for the fully consolidated holding company for trading assets (as defined for Schedule HC, item 5). Trading assets include derivatives with positive fair values.

## Line Item 4(b) Other earning assets.

Report the quarterly average for those other assets that the holding company considers earning assets.

## Line Item 5 Total consolidated assets.

For holding companies that have not adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule HC, item 2(c), report the quarterly average for the fully consolidated holding company's total assets as defined for Schedule HC, item 12, "Total assets" except that this quarterly average should reflect

- All debt securities not held for trading at amortized cost;
- Available-for-sale equity securities with readily determinable fair values not held for trading at the lower of cost or fair; and
- Equity securities and other equity investments without readily determinable fair values not held for trading as defined for "Total assets," report such securities and investments at their balance sheet carrying values not held for trading at historical cost.

This exception for equity securities and other equity investments does not apply to those accounted for under the equity method or that result in consolidation.

For holding companies that have adopted ASU 2016-01, report the quarterly average for the holding company's total assets, as defined for "Total assets," on Schedule HC, item 12, except that this quarterly average should reflect

- All debt securities not held for trading at amortized cost;
- Equity securities with readily determinable fair values not held for trading at fair value; and
- Equity securities and other equity investments without readily determinable fair values not held for trading as defined for "Total assets," report such securities and investments at their balance sheet carrying values (i.e., fair value or, if elected, cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer).

This exception for equity securities and other equity investments does not apply to those accounted for under the equity method or that result in consolidation.

In addition, to the extent that net deferred tax assets included in the 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).

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# Schedule HC-K

## 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 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 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 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 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 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 holding company provides to the programs should not be reported in Schedule HC-L. In contrast, for conduits that the reporting holding company does not consolidate, the 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 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 holding company has charged a commitment fee or other consideration.
- (3) Commitments that are legally binding.
- (4) Loan proceeds that the 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 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 holding company and the borrower, or
  - (b) If not in writing, are legally binding on the 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 holding company advises account holders of the available amount of overdraft

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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.

# Schedule HC-L

protection, for example, when accounts are opened or on depositors' account statements or ATM receipts.

- (8) The 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 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 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 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 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 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 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.

by HCs with \$5 billion or more in total assets.

Note: Items 1(b)(1) and 1(b)(2) are to be completed semiannually in the June and December reports only.

## 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. 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.

# 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 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 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

**Item 1(d) is to be reported by holding companies with \$5 billion or more in total assets.**

or individuals  
assets are derived  
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 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 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 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 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 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 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 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 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 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 holding company pursuant to Section 211.4(a)(1) of Federal Reserve

# Schedule HC-L

Regulation K or Section 347.3(c)(1) of the FDIC Rules and Regulations.

## 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 holding company or its consolidated subsidiaries. A financial standby letter of credit irrevocably obligates the 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 holding company.
- (2) Performance standby letters of credit **\$5 billion**
- (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 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 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 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 holding companies have participated to others. Participations and backings may be for any part or all of a given obligation.

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 holding company surpasses the \$1 billion total asset threshold, it must continue to report this item regardless of subsequent changes in its total assets.

## 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 (and all legally binding commitments to issue performance standby letters of credit) issued by any office of the holding company or its consolidated subsidiaries. A performance standby letter of credit irrevocably obligates the 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 holding company.
- (2) Financial **\$5 billion**
- (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 holding companies with \$1 billion or more in total assets.<sup>2</sup>~~

## Line Item 3(a) Amount of performance standby letters of credit conveyed to others.

Report that portion of the consolidated 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 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 holding companies have participated 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

# Schedule HC-L

issue commercial letters of credit are to be reported in this item.

Travelers' letters of credit or other letters of credit issued for money or its equivalent by the reporting 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.

**6(a) Securities lent.** Report the appropriate amount of all securities lent against collateral or on an uncollateralized basis. Report the book value of holding company-owned securities that have been lent. In addition, for customers who have been indemnified against any losses by the reporting 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 holding company's trust department, that have been lent. If the reporting 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.

**6(b) Securities borrowed.** Report the appropriate amount of all securities borrowed against collateral, or on an uncollateralized basis. 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.

## 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 holding company is the protection seller in column A, “Sold Protection,” and those on which the 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 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 holding company is the protection purchaser against credit derivatives with third parties on which the reporting 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 transactions that are CDX NA. Report the notional amount of transactions that are not CDX NA in the appropriate column of the reporting company's

Item 7(a)(1) through 7(d)(2)(b) are to be reported by holding companies with \$5 billion or more in total assets.

## 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.

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# Schedule HC-L

## **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 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 holding company should deter-

mine 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 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 that are not subject to the revised regulatory capital rule should leave this item blank.

## **Line Item 7(c)(1) Positions covered under the Market Risk Rule.**

For 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 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 holding company is the protection purchaser (beneficiary).



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# Schedule HC-L

## **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 holding company is the protection seller (guarantor).

### **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 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 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 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 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 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 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 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 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 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 holding company's internal credit rating system.

Note: Line item 8 is to be reported by all holding companies with foreign offices and by holding companies



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## Schedule HC-L

with domestic offices only and \$100 billion or more in consolidated assets.

### **Line Item 8 Spot foreign exchange contracts.**

Report the gross amount (stated in U.S. dollars) of all spot contracts committing the reporting 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 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 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 holding company enters into a spot contract which obligates the holding company to purchase U.S. dollar exchange against which it sells Japanese yen, then the 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 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(f) 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(c) through 9(f). These descriptions should not exceed 50 characters in length (including spacing between words).

Include the following as other off-balance-sheet items:

- (1) 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).
- (2) Standby letters of credit issued by another depository institution (such as a correspondent bank), a Federal Home Loan Bank, or any other entity on behalf of the reporting bank holding company which is the account party on the letters of credit and therefore is obligated to reimburse the issuing entity for all payments made under the standby letters of credit. (Report the amount of these standby letters of credit in Schedule HC-L, item 9(c), if this amount exceeds 25 percent of the holding company’s total equity capital reported in Schedule HC item 27(a).
- (3) Financial guarantee insurance that insures the timely payment of principal and interest on bond issues.
- (4) Letters of indemnity other than those issued in connection with the replacement of lost or stolen official checks.

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- (5) Shiptside or dockside 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.
- (6) For holding companies with domestic offices only and less than \$100 billion in consolidated assets, the gross amount (stated in U.S. dollars) of all spot foreign exchange contracts committing the reporting holding company to purchase foreign (non-U.S.) currencies and U.S. dollar exchange that are outstanding as of the report date. 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. For information on the reporting of spot foreign exchange contracts, refer to the instructions for Schedule HC-L, item 8, above.

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 Holding Companies*, such as repurchase and resale agreements.
- (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 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 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 holding company to purchase from third parties against the 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 holding company's interest rate exposure or, if the 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.

# Schedule HC-L

Exclude contracts involving the exchange of one or more foreign currencies (e.g., cross-currency swaps and currency options), which are to be reported in column B as foreign exchange contracts. In addition, exclude other contracts not involving the exchange of foreign currency whose predominant risk characteristic is foreign exchange risk, which are also 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 months), and currency swap contracts. Report spot foreign exchange contracts which are to be reported in Schedule HC-L, item 8.

Items 11(a) through 15(b)(8) is to be completed by HCs with \$5 billion or more in total assets.

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 holding company enters into a futures contract which obligates the holding company to purchase U.S. dollar exchange against which it sells Japanese yen, then the 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 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

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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 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 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.

**Column C, Equity Derivative Futures.** Report futures contracts committing the reporting 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 holding company to purchase or sell commodities such as agricultural products (e.g., wheat, coffee), precious metals (e.g., gold, platinum), and nonferrous 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 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 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 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 holding company to purchase or sell equity instruments.



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**Column D, Commodity and Other Forwards.** Report the contract amount for all forward contracts committing the reporting holding company to purchase or sell commodities such as agricultural products (e.g., wheat, coffee), precious metals (e.g., gold, platinum), and nonferrous 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 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 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 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 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 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 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 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 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 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 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



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amount (stated in U.S. dollars) of foreign (non-U.S.) currency and U.S. dollar exchange that the reporting 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 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 holding company has, for a fee, purchased the right to purchase or sell an equity instrument or equity index.

**Column D, Purchased Commodity and Other Exchange-Traded Options.** Report the contract amount for those exchange-traded option contracts where the reporting 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 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.

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 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 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

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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.

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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 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 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 option contracts where the reporting 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 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 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 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 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 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 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

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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.

**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 holding company or its subsidiaries may have entered into a derivative contract with another department or business unit within the consolidated 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 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 holding company should be reported on a consolidated basis. For purposes of this item, do not net (1) obligations of the reporting holding company to buy against the 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 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.

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## **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 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-held 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 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, Not applicable.**

**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, C and 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, Part II 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 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



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## Schedule HC-L

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.

### **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 holding company's possession and collateral held on the 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 holding company or by third party custodians on behalf of the holding company that provide protection to the 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 holding company or by third party custodians on behalf of the holding company that provide protection to the 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 holding company or by third-party custodians on behalf of the holding company that provide protection to the

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 holding company or by third party custodians on behalf of the holding company that provide protection to the 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 holding company or by third party custodians on behalf of the holding company that provide protection to the 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 holding company or by third-party custodians on behalf of the holding company that provide protection to the 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 holding company or by third-party custodians on behalf of the holding company that provide protection to the 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 holding company common shares outstanding.**

Report in this item the total *number* of common stock outstanding by the consolidated 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 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.

Include Federal Home Loan Bank Advances in this line item.

**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 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.

Include Federal Home Loan Bank Advances in this line item.

**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

# Schedule HC-M

amount, with the acquirer absorbing 20 percent of the losses on these assets. Any losses above the stated 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 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**

**Items 6(a)(1) through 6(d) are to be completed by HCs with \$5 billion or more in total assets.**

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) through 6(a)(4) Not applicable.**

### **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 item 6(a)(1) through 6(a)(1)(e)(2) 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 finance agricultural production and other loans to farmers included in Schedule HC-C, item 3 column A;
- (3) Commercial and industrial loans included in HC-C, items 4(a) and 4(b), column A;
- (4) Loans to individuals for household, family, and other personal expenditures included in Schedule HC-C, item 6(a) through 6(d) column A;

- (5) Loans to foreign governments and official institutions included in Schedule HC-C, item 7, column A;
- (6) Obligations (other than securities and leases) of states and political subdivisions in the U.S. included in Schedule HC-C, item 8, column A;
- (7) Loans to nondepository financial institutions and other loans included in Schedule HC-C, item 9, column A; and
- (8) 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.

### **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

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## Schedule HC-M

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

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

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

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

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

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

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

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

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

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 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.

Schedule HC-M 7(a) and 7(b) are to be completed annually in the December report only.

### **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 holding company. A captive insurance company is a limited purpose insurer licensed as a direct writer of



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## Schedule HC-M

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 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 holding company.

### **Line Item 8 Has the 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 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 holding company consummated no business combinations during the calendar year.

### **Line Item 9 Has the 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 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.

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 Report of Changes in Organizational Structure (FR Y-10).**

Enter a “1” for yes if the holding company has submitted all changes, if any, in its investments and activities on the FR Y-10. If the 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 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.

### **Line Item 12 Intangible assets.**

Report in the appropriate subitem the carrying amount of intangible assets. 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 identifiable 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 identifiable intangible asset should be tested for recoverability (impairment) in accordance with ASC Topic 360, Property, Plant, and Equipment (formerly FASB Statement No. 144,



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## Schedule HC-M

*Accounting for the Impairment or Disposal of Long-Lived Assets*). An impairment loss shall be recognized if the carrying amount of the identifiable 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 identifiable intangible asset. An impairment loss is recognized by writing the identifiable 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 identifiable 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 holding company should determine the fair value of

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) Goodwill.**

Report the carrying amount of goodwill as adjusted for any impairment losses and, if the private company goodwill accounting alternative has been elected, the amortization of goodwill. Except when this accounting alternative has been elected, goodwill should not be amortized. However, regardless of whether goodwill is amortized, it must be tested for impairment as described in the Glossary entry for "goodwill." See "acquisition method" in the Glossary entry for "business combinations" for guidance on the recognition and initial measurement of goodwill acquired in a business combination.

### **Line Item 12(c) All identifiable intangible assets.**

Report the carrying amount of all other specifically identifiable intangible assets such as core deposit intangibles, favorable leasehold rights, purchased credit card relationships, and nonmortgage servicing assets.

*Purchased credit card relationships* represent the right to conduct ongoing credit card business dealings with the cardholders. In general, purchased credit card relationships are an amount paid in excess of the value of the purchased credit card receivables. Such relationships arise when the reporting bank purchases existing credit card receivables and also has the right to provide credit card services to those customers. Purchased credit card relationships may also be acquired when the reporting bank purchases 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 2.

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## Schedule HC-M

*Nonmortgage servicing assets* are contracts to service financial assets, other than loans secured by real estate (as defined for Schedule HC-C, item 1) under which the estimated future revenues from contractually specified servicing fees, late charges, and other ancillary revenues are expected to more than adequately compensate the servicer for performing the servicing. A nonmortgage servicing contract is either (a) undertaken in conjunction with selling or securitizing the nonmortgage financial assets being serviced or (b) purchased or assumed separately. For nonmortgage servicing assets accounted for under the amortization method, the carrying amount is the unamortized cost of acquiring the nonmortgage servicing contracts, net of any related valuation allowances. For nonmortgage servicing assets accounted for under the fair value method, the carrying amount is the fair value of the nonmortgage servicing contracts. For further information, see the Glossary entry for “servicing assets and liabilities.”

### **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, “Intangible assets.”

### **Line Item 13 Other real estate owned.**

Report the net book value of all real estate other than (1) holding company premises owned or controlled by the 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). Also exclude real estate property collateralizing a fully or partially government-guaranteed mortgage loan for which the holding company has received physical possession and the conditions specified 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”), were met upon foreclosure. In such a situation, rather than recognizing other real estate owned upon foreclosure, the holding company must recognize a separate “other receivable,” which should be measured based on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor. Report such a receivable in Schedule HC-F, item 6, “All other assets.” For further information, see the Glossary entry for “Foreclosed assets.” 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 holding company has not yet received title to the property.

(b) Real estate collateral underlying a loan when the holding company has obtained physical possession of the collateral. (For further information see Glossary entries for “foreclosed assets” and “troubled debt restructurings.”)

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 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.”)

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## Schedule HC-M

- (2) Foreclosed real estate collateralizing mortgage loans insured or guaranteed by the Federal Housing Administration (FHA), the Department of Agriculture under the Rural Development (RD) program (formerly the Farmers Home Administration (FmHA)), or the Department of Veterans Affairs (VA) or guaranteed by the Secretary of Housing and Urban Development and administered by the Office of Public and Indian Housing (PIH) that back Government National Mortgage Association (GNMA) securities, i.e., "GNMA loans," if the mortgage loans did not meet the conditions specified in ASC Subtopic 310-40 requiring recognition of a separate "other receivable."
- (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 holding company.

#### **Line Item 14(a) Commercial paper.**

Report the total amount outstanding of commercial paper issued by the reporting 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 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 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 holding company or its consolidated subsidiaries are liable.

If the holding company is the lessee on capitalized lease property, include the holding company's liability for capitalized lease payments. (See the Glossary entry for "lease accounting" for a discussion of accounting with 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 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);

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## Schedule HC-M

- (5) by the creation of due bills representing the 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 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 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 holding company or its consolidated subsidiaries are liable.

If the holding company is the lessee on capitalized lease property, include the holding company's liability for capitalized lease payments. (See the Glossary entry for "lease accounting" for a discussion of accounting with holding company as lessee.)

Report the total amount of money borrowed by the consolidated 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
- (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 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."



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## Schedule HC-M

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 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 holding company currently sells private label or third party mutual funds and annuities.

Place “1” for yes if the holding company, a 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 holding company;
- (2) from which the 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 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 pro-

proprietary product is a product for which the reporting holding company or a subsidiary or other affiliate of the reporting 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 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 holding company or a subsidiary of the 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 holding company nor any subsidiary of the holding company acts as investment adviser for a mutual fund or annuity, the holding company should report a zero in this item.

### **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 holding company must complete the *Consolidated Holding Company Report of Equity Investments in Nonfinancial Companies* (FR Y-12). In a multi-tiered organization with one or more holding companies, only the top-tier holding company should complete items 17 and 18 on a consolidated basis. However, if a lower-tier holding company is functioning as the consolidated top-tier reporter for other financial reports (for example, when the top-tier is a non-U.S. holding company, ESOP,



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## Schedule HC-M

or limited partnership), this lower-tier holding company should complete items 17 and 18 on a consolidated basis.

Items 19(a) and 19(b) are to be completed by all holding companies that are not required to file the FR Y-12.

**Line Item 17 Does the 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 holding company 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 nonbanking subsidiaries, 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 holding company 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 holding company 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 holding company’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 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 holding company for the nonfinancial equity investment when it was acquired.

Tier 1 capital is the amount reported in Schedule HC- R, Part I Regulatory Capital, item 26.

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# Schedule HC-M

*Items 19(a) and 19(b) are to be completed by all holding companies that are not required to file the FR Y-12.*

**Line Item 19(a) Has the 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 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 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 holding company and are not consolidated in the 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. holding company 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 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 holding company (parent company only), gross.**

Report intercompany transaction balances due from the reporting parent 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 holding company, gross.**

Report intercompany transaction balances due from subsidiary banks and their subsidiaries of the holding company. This may include cash due from subsidiary banks or amounts owed for services provided.

**Line Item 20(b)(3) Due from nonbank subsidiaries of the holding company, gross.**

Report intercompany transaction balances due from nonbank subsidiaries of the 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

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## Schedule HC-M

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 holding company (parent company only), gross.**

Report the amount of all intercompany liabilities that are owed to the reporting parent holding company. Such liabilities may consist of administrative service agreements, utilized lines of credit, management fees, advances or any other amounts due to the holding company parent.

### **Line Item 20(c)(2) Due to subsidiary banks of the holding company, gross.**

Report the amounts of all intercompany liabilities owed to the subsidiary banks and their subsidiaries of the 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 holding company, gross.**

Report the amount of all intercompany liabilities owed to the nonbank subsidiaries of the 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 (12 U.S.C. § 1843(k)(4)(B)). A savings and loan holding company that wishes to engage in financial holding company activities must have an effective election to be treated as financial holding company or conducts activities under section 10(c)(2)(H)(i) of the HOLA (12 U.S.C. 1467a(c)(2)(H)(i).**

*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 (12 U.S.C. § 1843(k)(4)(B)).* A financial holding company whose declaration has been determined to be effective as of the reporting period (e.g., March 31, June 30, September 30, or December 31) should 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 (12 U.S.C. § 1843(k)(4)(B)). 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 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 holding company's web page that displays risk disclosures, including credit and market risks.**

*(This item is to be reported by holding companies with total assets of \$30 billion or more.)*

Report the 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 holding company's risk disclosure information. Holding companies should provide the URL that links *directly* to the risk disclosure information on the 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 holding company should ensure that it accurately reports its URL. Do not provide an e-mail address in the

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## Schedule HC-M

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 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 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 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 holding companies by purchasing newly issued senior perpetual preferred stock and warrants to purchase common stock, depending on whether the holding com-

pany’s common stock is “publicly traded.” For such 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 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 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 holding company should be included in equity capital on the balance sheet provided the 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 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 the balance sheet provided that the 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, leases, debt securities, and other assets that are past due or are in nonaccrual status, regardless of whether such credits are secured or unsecured and regardless of whether such credits are guaranteed or insured by the U.S. Government or by others. For assets that are past due or in nonaccrual status, holding companies that have *not* adopted FASB Accounting Standards Update No. 2016-13 (ASU 2016-13), which governs the accounting for credit losses, should report the balance sheet amount of the asset in Schedule HC-N, i.e., the amount at which the asset is reported in the applicable asset category on Schedule HC, Balance Sheet (e.g., in item 4(b), “Loans and leases, held for investment”), not simply the asset’s delinquent payments.

For assets that are past due or in nonaccrual status, holding companies that have adopted ASU 2016-13 should report the balance sheet amount of the asset in Schedule HC-N without deducting any applicable allowance for credit losses, not simply the asset’s delinquent payments. For example, the amount to be reported in Schedule HC-N for a past due or nonaccrual loan held for investment should equal the amount at which the loan is reported in Schedule HC, Balance Sheet, item 4.b, “Loans and leases held for investment.” The amount to be reported in Schedule HC-N, item 10, for a past due or nonaccrual held-to-maturity debt security should equal the amortized cost at which the debt security is reported in Schedule HC-B, Securities, column A.

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.

For purposes of these reports, “GNMA loans” are residential mortgage loans insured or guaranteed by the

Federal Housing Administration (FHA), the Department of Agriculture Rural Development (RD) program (formerly the Farmers Home Administration (FmHA)), or the Department of Veterans Affairs (VA) or guaranteed by the Secretary of Housing and Urban Development and administered by the Office of Public and Indian Housing (PIH) that back Government National Mortgage Association (GNMA) securities. When a holding company services 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 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 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 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 holding company must report the purchased loans as past due in Schedule HC-N in accordance with their contractual repayment terms even though the 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 HC-N.



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# Schedule HC-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 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 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 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.

When accrual of income on a purchased credit-impaired loan accounted for individually or a purchased credit-impaired debt security is appropriate, the delinquency status of the individual asset should be determined in accordance with its contractual repayment terms for purposes of reporting the amount of the loan or debt security as past due in the appropriate items of Schedule HC-N, column A or B. When accrual of income on a pool of purchased credit-impaired loans with common risk characteristics is appropriate, delinquency status should be determined individually for each loan in the pool in accordance with the individual loan's contractual repayment terms for purposes of reporting the amount (before any post-acquisition loan loss allowance) of individual loans within the pool as past due in the appropriate items of Schedule HC-N, column A or B. For further information, see the Glossary entry for "purchased credit-impaired loans and debt securities."

For holding companies that have adopted ASU 2016-13, the outstanding purchased credit-impaired loans and debt securities as of the adoption date of the standard, should prospectively be accounted for as a purchased credit-deteriorated financial assets. As of the adoption date of the standard, the remaining noncredit discount, after the adjustment for the allowance for credit losses, shall be accreted to interest income at the new effective interest rate, if it is not required to be placed on nonaccrual. Nonaccrual determination and treatment for purchased credit-deteriorated loans, debt securities, and other financial assets that fall within the scope of ASU 2016-13 should be considered in the same manner as other financial assets in an institution's portfolio. For further information, see Glossary entry for "purchased credit-deteriorated financial assets."

**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

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## Schedule HC-N

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 credit-impaired loan, pool of loans, or debt security accounted for in accordance with that Subtopic, regardless of whether the loan, the loans in the pool, or debt security had been maintained in nonaccrual status by its seller. (For purchased credit-impaired loans with common risk characteristics that are aggregated and accounted for as a pool, the determination of nonaccrual or accrual status should be made at the pool level, not at the individual loan level.) For further information, see the Glossary entry for “purchased credit-impaired loans and debt securities.”
- (2) 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 holding company’s net income is not materially overstated. To the extent that the holding company has elected to carry such a loan in 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 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 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 credit-impaired loan, pool of loans, 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 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 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

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## Schedule HC-N

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 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 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

Holding companies that have adopted ASU 2016-13, report in columns A, B and C of Schedule HC-N asset amounts without any deduction for allowances for credit losses.

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 balance sheet amounts (not just delinquent payments) of loans, leases, debt securities, and other assets that are past due and upon which the bank continues to accrue interest, as follows:

- (1) In column A, report closed-end monthly installment loans, amortizing loans secured by real estate, lease financing receivables, and open-end credit in arrears

two or three monthly payments; other multipayment obligations with payments scheduled other than monthly when one scheduled payment is due and unpaid for 30 through 89 days; single payment and demand notes, debt securities, and other assets providing for payment of interest at stated intervals after one interest payment is due and unpaid for 30 through 89 days; single payment notes, debt securities, and other assets providing for payment of interest at maturity, on which interest *or* principal remains unpaid for 30 through 89 days after maturity; unplanned overdrafts, whether or not the bank hold 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 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 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 balance sheet amounts of loans, leases, debt securities, and other assets that are in nonaccrual status. Include all restructured loans, leases, debt securities, and other assets that are in nonaccrual status. However, restructured loans, leases, debt securities, and other assets with a zero percent effective interest rate are *not* to be reported in this column as nonaccrual assets.

### Item Instructions

The loan category definitions used in Schedule HC-N correspond with the loan category definitions found in Schedule HC-C. Consistent with Schedule HC-C, the

# Schedule HC-N

Report in the appropriate subitem and column all loans secured by real estate included in Schedule HC-C, item 1, that are past due 30 days or more or are in nonaccrual status as of the report date. In addition, report in item 1(f), "In foreign offices" loans and leases secured by real estate in foreign offices that are past due 30 days or more or are in nonaccrual status as of the report date.

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 all loans in domestic offices secured by farmland and improvements thereon, included in Schedule HC-C, item 1(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).~~

Report in the appropriate column all loans in domestic offices secured by 1-4 family residential properties included in Schedule HC-C, item 1(c) that are past due 30 days or more or are in nonaccrual status as of the report date.

## 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).~~

## 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

Report in the appropriate column all 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) that are past due 30 days or more or are in nonaccrual status as of the report date.

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 all loans secured by (5 or more) residential properties (in domestic offices) included in Schedule HC-C, item 1(d) 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 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(f) Secured by loans in foreign offices.**

Report in the appropriate column all loans secured by real estate in foreign offices included in Schedule HC-C, item 1, column A that are past due 30 days or more or are in nonaccrual status as of the report date.

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

Report in the appropriate column all loans to depository institutions and acceptances of other banks included in Schedule HC-C, item 2 that are past due 30 days or more or are in nonaccrual status as of the report date.

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

Report in the appropriate column all loans to and acceptances of U.S. banks and other depository institutions included on Schedule HC-C, item 2(a) that are past due 30 days or more or are in nonaccrual status as of the report date.

**Line Item 2(b) Foreign banks.**

Report in the appropriate column all loans to and acceptances of foreign banks included in Schedule HC-C, item 2(b) that are past due 30 days or more or are in nonaccrual status as of the report date.

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 non-accrual 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 non-accrual loans to depository institutions 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 non-accrual 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 non-accrual loans to and acceptances of foreign banks included in Schedule HC-C, item 2(b).~~

~~**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.**~~

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

Report in the appropriate column all loans to finance agricultural production and other loans to farms included in Schedule HC-C, item 3 that are past due 30 days or more or are in nonaccrual status as of the report date.

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

Report in the appropriate column all commercial and industrial loans included in Schedule HC-C, item 4 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.



# Schedule HC-N

Report in the appropriate column all loans to foreign governments and official institutions included in Schedule HC-C, item 7 that are past due 30 days or more or are in a 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 nonaccrual 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 Total loans and leases.

For columns A through C, report the sum of items 1 through 8(b).

## Line Item 10 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

Report in the appropriate column all loans to nondepository financial institutions and other loans included in Schedule HC-C, item 9 that are past due 30 days or more or are in a nonaccrual status as of the report date.

Items 8(a) and 8(b) are to be completed by HCs with \$5 billion or more in total consolidated assets. Item 8(c) is to be reported by holding companies with less than \$5 billion in total assets.

## 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 amount of 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.

### Line Item 8(c) Lease financing receivables.

Holding companies with less than \$5 billion should report in the appropriate column the amount of all lease financing receivables included in Schedule HC-C, item 10(c) that are past due 30 days or more or are in nonaccrual status as of the report date.

### 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

# Schedule HC-N

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 amount included in HC-N, item 11, of:

- (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 amount of 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, 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.

Items 12(a)(1) through 12(f) are to be reported by HCs with \$5 billion or more in total assets.

#### **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,

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## Schedule HC-N

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) through 12(d) Not applicable.**

#### **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 finance agricultural production and other loans to farmers included in Schedule HC-N, item 3;
- (3) Commercial and industrial loans included in HC-N, item 4;
- (4) Loans to individuals for household, family, and other personal expenditures included in Schedule HC-N item 5(a), 5(b) and 5(c);
- (5) Loans to foreign governments and official institutions included in Schedule HC-N, item 6;
- (6) Obligations (other than securities and leases) of states and political subdivisions in the U.S. included in Schedule HC-N, item 7;
- (7) Loans to nondepository financial institutions and other loans included in Schedule HC-N, item 7; and
- (8) 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.

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

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

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

# Schedule HC-N

HC-N items memo 1(a)(1) through 1(d)(2) and 1(e)(3) through 1(f)(3) (c) are to be completed semiannually in June and December by HCs with less than \$5 billion total assets.

HC-F, item 6, "Other" assets.

## 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(b) Loans secured by 1-4 family residential properties (in domestic offices).**

Report in the appropriate column all loans secured by 1-4 family residential properties (in domestic offices) included in item 1(c) 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.



# Schedule HC-N

**Items M1(e)(1) and M1(e)(2) are to be completed by holding companies with \$5 billion or more in total assets. Item M1(e)(3) is to be reported by holding companies with less than \$5 billion in total assets.**

and non-U.S. addressees for the fully consolidated 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 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 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(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)(3), 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

## **Line Item M1(e)(3) To U.S. addressees and non-U.S. addressees (domicile).**

Report in the appropriate column all commercial and industrial loans to U.S. addressees and non U.S. addressees 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.

reporting threshold: Loans secured by farmland (in domestic offices); Loans to finance agricultural production and other loans to farmers; (Consumer) credit cards and (Consumer) automobile loans; and Other consumer loans.

## **Line Item M1(g) Total loans restructured in troubled debt restructurings included in Schedule HC-N, items 1 through 7 above.**

Exclude amounts reported in Memorandum item 1.f(1) through 1.f(3) when calculating the total in Memorandum item 1.g.

## **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



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## Schedule HC-N

loans will have been included in items 4 and 7 of Schedule HC-N above. Exclude from this item all loans secured by real estate included in item 1 of Schedule HC-N above. This item corresponds with the amounts reported in memoranda item 2 of Schedule HC-C.

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

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

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

**Line Item M4 Not applicable.**

**Line Item M5 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.

Such loans and leases will have been included in one or more of the loans 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 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 holding company’s counterparty is past due 30 days or more as of the report date.

Note: Memorandum items 7, 8, 9(a) and 9(b) are to be completed semiannually in the June and December reports only.

**Line Item M7 Additions to nonaccrual assets during the previous six months.**

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 six months ending on the semiannual (i.e., June 30 or December 31) report date for this item. Include those assets placed in nonaccrual status during this six month period that are included as of the current report date in Schedule HC-N, column C, items 1 through 8 and 10. Also include those assets placed in nonaccrual status during this six month period that, before the current semiannual report date for this item, 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 semiannual report date 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 six month period ending on the current semiannual report date, report the amount of the asset only once.

**Line Item M8 Nonaccrual assets sold during the previous six months.**

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 six months ending on the semiannual (i.e., June 30 or December 31) report date for this item. 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 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).**

Memorandum items 9(a) and 9(b) should be completed only by holding companies that have not yet adopted ASU 2016-13. Holding companies that have adopted ASU 2016-13 should leave this item blank.

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## Schedule HC-N

Report in the appropriate subitem and column the outstanding balance and 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 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 a 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 holding company 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.

For guidance on determining the delinquency and nonaccrual status of purchased credit-impaired loans accounted for individually and purchased credit-impaired loans with common risk characteristics that are aggregated and accounted for as a pool, refer to the “Definitions” section

of the Schedule HC-N instructions and the Glossary entry for “purchased credit-impaired loans and debt securities.”

### **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 holding company at the report date, whether or not currently due and whether or not any such amounts have been charged off by the holding company. 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) Amount included in Schedule HC-N, items 1 through 7, above.**

Report in the appropriate column the amount 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.

## LINE ITEM INSTRUCTIONS FOR

# 1-4 Family Residential Mortgage Banking Activities Schedule HC-P

with \$5 billion or more in  
total assets

### General Instructions

Schedule HC-P is to be completed by holding companies 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 and reporting on these activities in Schedule HC-P, 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.

A 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 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, 2017, and the holding company's sales of such loans exceeded \$10 million during the quarter ended September 30, 2017, the holding company would be required to complete Schedule HC-P in its September 30 and December 31, 2017, FR Y-9C reports.

The level of the holding companies mortgage banking activities during the fourth quarter of 2017 and the first quarter of 2018 would determine whether it would need to complete Schedule HC-P each quarter during 2018 beginning March 31, 2018.

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." 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 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 the total of:

- The principal amount of retail originations of closed-end first lien and junior lien 1-4 family residential

# Schedule HC-P

mortgage loans for resale during the calendar quarter ending on the report date, and

- 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 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 holding company or a consolidated subsidiary of the holding company. However, if the reporting 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 holding company has some involvement in processing and underwriting the loans), the reporting 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 holding company's own loan portfolio.

## **Line Item 2 Wholesale originations and purchases during the quarter of 1-4 family residential mortgage loans for sale.**

Report the total of:

- The principal amount of wholesale originations and purchases of closed-end first lien and junior lien 1-4 family residential mortgage loans for resale during the calendar quarter ending on the report date, and
- 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 mortgage properties 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 holding company or a consolidated subsidiary of the 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

holding company or a consolidated subsidiary of the holding company. However, if the reporting 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 holding company has some involvement in processing and underwriting the loans), the reporting 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 holding company's own loan portfolio.

## **Line Item 3 1-4 family residential mortgage loans sold during the quarter.**

Report the total of:

- The principal amount of closed-end first lien and junior lien 1-4 family residential mortgage loans sold during the calendar quarter ending on the report date, and
- The total amount of open-end commitments under revolving, open-end lines of credit secured by 1-4 family residential mortgage properties 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 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 holding company's loan portfolio. For further information, see the Glossary entry for "transfers of financial assets."

## **Line Item 4 1-4 family residential mortgage loans held for sale or trading at quarter-end.**

Report the total of:

- The carrying amount of closed-end first lien and junior lien 1-4 family residential mortgage loans held for sale or trading as of the quarter-end report date, and
- The total amount of open-end commitments under revolving, open-end lines of credit secured by 1-4

## Schedule HC-P

family residential properties held for sale or trading as of the quarter-end report date.

These closed-end loans and the funded amounts under these revolving, open-end lines of credit are included in Schedule HC, item 4.a, “Loans and leases held for sale,” and in Schedule HC, item 5, “Trading assets.” Closed-end loans held for sale should be reported at the lower of cost or fair value or at fair value consistent with their presentation in Schedule HC, item 4.a. Closed-end 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 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 5 Noninterest income for the quarter from the sale, securitization, and servicing of 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 and revolving, open-end lines of credit secured by 1-4 residential properties. Include the portion of the consolidated 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 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 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 the total of:

- The total principal amount outstanding as of the date of repurchase or the date of indemnification, as appropriate, of closed-end first lien and junior lien 1-4 family residential mortgage loans previously sold by the bank 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, and

- The total amount of open-end commitments under revolving, open-end lines of credit secured by 1-4 family residential properties as of the date of repurchase or the date of indemnification, as appropriate, 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 holding company has received.

Repurchased 1-4 family residential mortgage loans include loans that the 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 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 holding company (or a consolidated subsidiary) has sold. Include reimbursements made on loans where the 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 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 holding company (or a consolidated subsidiary) has sold. Exclude indemnification arrangements that are limited to reimbursements of legal fees or administrative costs.

### **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



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## Schedule HC-P

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 underwriting 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).

## LINE ITEM INSTRUCTIONS FOR

# Assets and Liabilities Measured at Fair Value on a Recurring Basis

## Schedule HC-Q

with \$5 billion on  
more in total assets

### General Instructions

Schedule HC-Q is to be completed by holding companies that:

- (1) Have elected to report financial instruments or servicing assets and liabilities at fair value under a fair value option with changes in fair value recognized in earnings or
- (2) Are required to complete Schedule HC-D, Trading Assets and Liabilities.

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

### Column Instructions

#### Column A, Total Fair Value Reported on Schedule HC

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

#### Columns B through E, Fair Value Measurements and Netting Adjustments

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

ASC Topic 820 permits a holding company, as a practical expedient, to measure the fair value of investments in investment companies and real estate funds that meet criteria specified in this topic using the investment’s net asset value (NAV) per share (or its equivalent). When a holding company has elected to measure the fair value of such an investment using the NAV per share practical expedient and the fair value is measured on a recurring basis, the holding company should report the investment’s fair value in column A of the appropriate asset item of Schedule HC-Q. However, the holding company should exclude the investment from the Level 1, 2, and 3

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# Schedule HC-Q

disclosures in columns C, D, and E of Schedule HC-Q.<sup>1</sup> Instead, the holding company should report the fair value measured using the NAV per share practical expedient in column B along with the netting adjustments reported in column B. In contrast, for an investment measured at fair value on a recurring basis that meets the criteria specified in Topic 820, if the holding company does not elect to measure fair value using the NAV per share practical expedient, it should report the investment's fair value in column A of Schedule HC-Q and disclose this fair value in column C, D, or E, as appropriate, based on the lowest level input that is significant to the fair value measurement in its entirety.

## 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 debt securities and equity securities with readily determinable fair values not held for trading purposes.**

For holding companies that have adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule HC, item 2(c), report in column A the sum of Schedule HC, items 2(b) and 2(c).

For holding companies that have not adopted ASU 2016-01, report in column A the amount reported in Schedule HC, item 2(b).

Report in columns B through E, as appropriate, the fair values of the debt and equity securities reported in column A determined using Level 1, Level 2, and Level 3 measurement inputs and any netting adjustments.

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

Report in the appropriate column the total fair value of those federal funds sold and securities purchased under

agreements to resell reported in Schedule HC, items 3.a and 3.b, that the holding company has elected to report under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

### **Line Item 3 Loans and leases held for sale.**

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

### **Line Item 4 Loans and leases held for investment.**

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

### **Line Item 5 Trading assets:**

#### **Line Item 5(a) Derivative assets.**

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

#### **Line Item 5(b) Other trading assets.**

Report in the appropriate column the total fair value of all trading assets, except for derivatives, as reported in Schedule HC, item 5; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs,

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1. Refer to Accounting Standards Update (ASU) No. 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)," which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share (or its equivalent) practical expedient described in ASC Topic 820.

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## Schedule HC-Q

including the fair values of loans that have been reported as trading assets; and any netting adjustments.

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

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

### **Line Item 6 All other assets.**

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

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

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

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

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

### **Line Item 8 Deposits.**

Report in the appropriate column the total fair value of those deposits reported in Schedule HC, items 13(a) and 13(b), that the holding company has elected to report under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Deposits withdrawable on demand (e.g., demand and savings deposits in domestic offices) are generally not eligible for the fair value option.

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

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

### **Line Item 10 Trading liabilities:**

#### **Line Item 10(a) Derivative liabilities.**

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

#### **Line Item 10(b) Other trading liabilities.**

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

### **Line Item 11 Other borrowed money.**

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

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# Schedule HC-Q

## **Line Item 12 Subordinated notes and debentures.**

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

## **Line Item 13 All other liabilities.**

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

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

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

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

Report the sum of items 8 through 13.

## **Memoranda**

### **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 \$100,000 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 \$100,000 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.”

Note: Memorandum items 3 and 4 are to be completed by holding companies that have elected to measure loans included in HC-C at Fair Value under a Fair Value option.

### **Line Item M3 Loans measured at fair value.**

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

#### **Line Item M3(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.



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## Schedule HC-Q

### **Line Item M3(a)(1) Secured by 1–4 family residential properties.**

Report the total fair value of all open-end and closed-end loans secured by 1–4 family residential properties (as defined for Schedule HC-C, item 1(c)) (in domestic offices) included in Schedule HC-C, item 1, measured at fair value under a fair value option.

### **Line Item M3(a)(2) All other loans secured by real estate.**

Report the total fair value of all other loans secured by real estate (as defined for Schedule HC-C, items 1(a), 1(b), 1(d), and 1(e) included in Schedule HC-C, item 1, measured at fair value under a fair value option.

### **Line Item M3(b) Commercial and industrial loans.**

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

### **Line Item M3(c) Loans to individuals for household, family, and other personal expenditures.**

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

### **Line Item M3(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 3. 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 M4 Unpaid principal balance of loans measured at fair value (reported in HC-Q Memorandum item 3).**

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

#### **Line Item M4(a) Loans secured by real estate.**

Report the total unpaid principal balance outstanding for all loans secured by real estate reported in Schedule HC-Q, Memorandum items 3(a)(1) and 3(a)(2).

#### **Line Item M4(a)(1) Secured by 1–4 family residential properties.**

Report the total unpaid principal balance outstanding for all loans secured by 1–4 family residential properties reported in Schedule HC-Q, Memorandum item 3(a)(1).

#### **Line Item M4(a)(2) All other loans secured by real estate.**

Report the total unpaid principal balance outstanding for all other loans secured by real estate reported in Schedule HC-Q, Memorandum Item 3(a)(2).

#### **Line Item M4(b) Commercial and industrial loans.**

Report the total unpaid principal balance outstanding for all commercial and industrial loans reported in Schedule HC-Q, Memorandum item 3(b).

#### **Line Item M4(c) Loans to individuals for household, family, and other personal expenditures.**

Report the total unpaid principal balance outstanding for all loans to individuals for household, family, and other personal expenditures reported in Schedule HC-Q, Memorandum item 3(c).

#### **Line Item M4(d) Other loans.**

Report the total unpaid principal balance outstanding for all loans reported in Schedule HC-Q, Memorandum item 3(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).

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## LINE ITEM INSTRUCTIONS FOR

# Regulatory Capital Schedule HC-R

### General Instructions for HC-R

The instructions for Schedule HC-R should be read in conjunction with the regulatory capital rules issued by the Federal Reserve.

### Schedule HC-R, Part I Regulatory Capital Components and Ratios

#### General Instructions for Part I

The instructions for Schedule HC-R, Part I, should be read in conjunction with the revised regulatory capital rules issued by the Federal Reserve Board on July 2, 2013.<sup>1</sup>

**Transition Provisions:** Transition provisions apply to the minimum regulatory capital ratios, the capital conservation buffer, the regulatory capital adjustments and deductions, and non-qualifying capital instruments. For example, transition provisions for the regulatory capital adjustments and deductions specify that certain items that were deducted from tier 1 capital previously will be deducted from common equity tier 1 capital under the regulatory capital rules, with the amount of the deduction changing each calendar year until the transition period ends. For some regulatory capital deductions and adjustments, the non-deducted portion of the item is either risk-weighted for the remainder of the transition period or deducted from additional tier 1 capital, as described in the instructions for the applicable items below.

NOTE: For holding companies that are not advanced approaches institutions (as described in footnote 1), the transition provisions applicable during 2017 under the banking agencies' regulatory capital rules have been extended indefinitely for certain regulatory capital deductions and risk weights as well as certain minority interest requirements. The Schedule HC-R instructions reflect the

indefinite maintenance of the regulatory capital treatment of these capital deductions, risk weights, and minority interest requirements applicable to non-advanced approaches institutions during 2017.

**Advanced approaches holding companies:**<sup>2</sup> Advanced approaches holding companies may use the amounts reported in Schedule HC-R, Part I to complete FFIEC 101, Schedule A, as applicable. As described in the General Instructions for FFIEC 101, a holding company must begin reporting on the FFIEC 101, Schedule A, except for a few specific line items, at the end of the quarter after the quarter in which a holding company triggers one of the threshold criteria for applying the advanced approaches rule or elects to use the advanced approaches rule (an opt-in institution),<sup>3</sup> and it must begin reporting data on the remaining schedules of the

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2. An advanced approaches institution as defined in the revised regulatory capital rules (i) has consolidated total assets (excluding assets held by an insurance underwriting subsidiary) on its most recent year-end regulatory report equal to \$250 billion or more; (ii) has consolidated total on-balance sheet foreign exposure on its most recent year-end regulatory report equal to \$10 billion or more (excluding exposures held by an insurance underwriting subsidiary), as calculated in accordance with FFIEC 009; (iii) is a subsidiary of a depository institution that uses the advanced approaches pursuant to subpart E of 12 CFR part 3 (OCC), 12 CFR part 217 (Board), or 12 CFR part 325 (FDIC) to calculate its total risk-weighted assets; (iv) is a subsidiary of a bank holding company or savings and loan holding company that uses the advanced approaches pursuant to 12 CFR part 217 to calculate its total risk-weighted assets; or (v) elects to use the advanced approaches to calculate its total risk-weighted assets. As described in section 121 of the revised regulatory capital rules, an institution must adopt a written implementation plan no later than 6 months after the institution meets the criteria above and work with its primary federal supervisor on implementing the parallel run process.

3. An institution is deemed to have elected to use the advanced approaches rule on the date that the Board receives from the institution a board-approved implementation plan pursuant to section 121(b)(2) of the revised regulatory capital rules. After that date, in addition to being required to report on the FFIEC 101, Schedule A, the institution may no longer apply the AOCI opt-out election in section 22(b)(2) of the revised

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1. See 78 FR 62018 (October 11, 2013), codified at 12 CFR part 217.

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# Schedule HC-R

FFIEC 101 at the end of the first quarter in which it has begun its parallel run period.

Advanced approaches institutions must continue to file Schedule HC-R, Regulatory Capital, as well as the FFIEC 101.

A holding company that is subject to the advanced approaches rule remains subject to the rule unless its primary federal supervisor determines in writing that application of the rule is not appropriate in light of the holding company's asset size, level of complexity, risk profile, or scope of operations.

***Institutions not subject to advanced approaches rule:*** Starting on March 31, 2015, all other holding companies<sup>4</sup> must complete Schedule HC-R, Part I, using the instructions below for line items 1 through 48. Holding companies must complete the applicable items using the mandatory transition provisions which are included in certain items. Holding companies, except for advanced approaches holding companies, must apply the transition provisions starting with calendar year 2015. In general, transition provisions apply to the minimum regulatory capital ratios; the capital conservation buffer; the regulatory capital adjustments and deductions; and non-qualifying capital instruments. For example, transition provisions for the regulatory capital adjustments and deductions specify that certain items that were deducted from tier 1 capital previously will be deducted from common equity tier 1 capital under the revised regulatory capital rules, with the amount of the deduction changing each calendar year until the transition period ends. For some regulatory capital deductions and adjustments, the non-deducted portion of the item is either risk-weighted for the remainder of the transition period or deducted from additional tier 1 capital, as described in the instructions for the applicable items below.

**SLHCs:** The revised regulatory capital rules apply to top-tier SLHCs that are not substantially engaged in insurance or commercial activities (covered SLHCs).

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regulatory capital rules and it becomes subject to the supplementary leverage ratio in section 10(c)(4) of the rules and its associated transition provisions.

4. Institutions relying on the Board's Supervision and Regulation Letter (SR) 01-1 are not required to comply with the revised regulatory capital rule until July 21, 2015. Thus, these institutions would be required to file the FR Y-9C, including the proposed Schedule HC-R, in the first reporting period following that date, which is September 30, 2015.

A top-tier SLHC is deemed to be substantially engaged in insurance activities (insurance SLHC) if (i) the top-tier SLHC is an insurance underwriting company;<sup>5</sup> or (ii) as of June 30 of the previous calendar year, it held 25 percent or more of its total consolidated assets in subsidiaries that are insurance underwriting companies (other than assets associated with insurance for credit risk). For purposes of determining the 25 percent threshold, the SLHC must calculate its total consolidated assets in accordance with generally accepted accounting principles (GAAP), or if the SLHC does not calculate its total consolidated assets under GAAP for any regulatory purpose (including compliance with applicable securities laws), the SLHC may estimate its total consolidated assets, subject to review and adjustment by the Board. Thus, insurance SLHCs are not required to complete Schedule HC-R, even if they complete other schedules of the FR Y-9C.

A top-tier SLHC is deemed to be substantially engaged in commercial activities (commercial SLHC) if (i) the top-tier SLHC is a grandfathered unitary SLHC (as defined in section 10(c)(9)(A) of HOLA) and (ii) as of June 30 of the previous calendar year, it derived 50 percent or more of its total consolidated assets or 50 percent of its total revenues on an enterprise-wide basis (as calculated under GAAP) from activities that are not financial in nature under section 4(k) of the Bank Holding Company Act (12 U.S.C. 1842(k)).

## Item Instructions for Part 1

### Common Equity Tier 1 Capital

#### **Line Item 1 Common stock plus related surplus, net of treasury stock and unearned employee stock ownership plan (ESOP) shares.**

Report the sum of Schedule HC, items 24, 25 and item 26(c) as follows:

- (1) Common stock: report the amount of common stock reported in Schedule HC, item 24, provided it meets the criteria for common equity tier 1 capital based on the revised regulatory capital rules of the Federal Reserve. Include capital instruments issued by mutual banking organizations that meet the criteria for common equity tier 1 capital.

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5. Insurance underwriting company means an insurance company as defined in section 201 of the Dodd-Frank Act (12 U.S.C. 5381) that engages in insurance underwriting activities.

# Schedule HC-R

- (2) Related surplus: adjust the amount reported in Schedule HC, item 25 as follows: include 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; exclude adjustments arising from treasury stock transactions.
- (3) Treasury stock, unearned ESOP shares, and any other contra-equity components: report the amount of contra-equity components reported as negative amounts in Schedule HC, item 26(c). Because contra-equity components reduce equity capital, the amount reported in Schedule HC, item 26(c), is a negative amount.

## Line Item 2 Retained earnings.

Report the amount of the holding company's retained earnings as reported in Schedule HC, item 26(a).

- (1) A holding company that has elected to apply the CECL transition provision (electing holding company) also includes its applicable CECL transitional amount, in accordance with section 301 of the regulatory capital rules. Specifically, an electing institution includes seventy-five percent of its CECL transitional amount during the first year of the transition period, fifty percent of its CECL transitional amount during the second year of the transition period, and twenty-five percent of its CECL transitional amount during the third year of the transition period.

An electing advanced approaches holding company (1) that has completed the parallel run process and has received notification from its primary Federal regulator pursuant to section 121(d) under subpart E of the regulatory capital rules, (2) whose amount of expected credit loss exceeded its eligible credit reserves immediately prior to the adoption of CECL, and (3) would have an increase in CET1 capital as of the beginning of the fiscal year in which it adopts CECL after including the first year portion of the CECL transitional amount must decrease its CECL transitional amount by its DTA transitional amount.

## *Example and a worksheet calculation*

### *Assumptions:*

- For example, consider a holding company that elects to apply the CECL transition and that has a CECL effective date of January 1, 2020 and a 21 percent tax rate.
- On the closing balance sheet date immediately prior to adopting CECL (i.e., December 31, 2019), the electing institution has \$10 million in retained earnings and \$1 million of ALLL. On the opening balance sheet date immediately after adopting CECL (i.e., January 1, 2020), the electing holding company has \$1.2 million of ACL (which also equals \$1.2 million of the adjusted allowance for credit losses (AACL), as defined in the regulatory capital rules).
- The electing holding company recognizes the adoption of CECL by recording an increase to AACL (credit) of \$200,000, with an offsetting increase in temporary difference DTAs of \$42,000 (debit) and a reduction in beginning retained earnings of \$158,000 (debit).
- For each of the quarterly reporting periods in year 1 of the transition period (i.e., 2020), the electing holding company increases both retained earnings and average total consolidated assets by \$118,500 (\$158,000 x 75 percent), decreases temporary difference DTAs by \$31,500 (\$42,000 x 75 percent), and decreases AACL by \$150,000 (\$200,000 x 75 percent) for purposes of calculating its regulatory capital ratios. The remainder of the CECL transition provision of the electing holding company is transitioned into regulatory capital according to the schedule provided in Table [X].

### **2.a To be completed only by holding companies that have adopted ASU-2013: Does your institution have a CECL transition election in effect as of the quarter-end report date?**

A holding company may make a one-time election to use the CECL transition provision, as described in section 301 of the regulatory capital rules. Such a holding company is required to begin applying the CECL transition provision as of the institution's CECL adoption date. A holding company must indicate its election to use the CECL transition provision beginning in the quarter that it first reports its credit loss allowances as measured under CECL. An institution that does not elect to use the CECL transition provision in the quarter that it first reports its credit loss allowances as measured under CECL would not be permitted to make an election

# Schedule HC-R

**Table X**

| In thousands  | Transition Amounts               | Transition Amounts Applicable during Each Year of the Transition Period |               |               |
|---|----------------------------------|---|---------------|---------------|
|   |                                  | Year 1 at 75%   | Year 2 at 50% | Year 3 at 25% |
|   | Column A                         | Column B  | Column C      | Column D      |
| 1. Increase retained earnings and average total consolidated assets by the CECL transitional amount | CECL transitional amount = \$158 | \$118.50  | \$ 79         | \$39.50       |
| 2. Decrease temporary difference DTAs by the DTA transitional amount                                | DTA transitional amount = \$ 42  | \$ 31.50  | \$ 21         | \$10.50       |
| 3. Decrease AACL by the ACL transitional amount   | AACL transitional amount = \$200 | \$150   | \$100         | \$50          |

in subsequent reporting periods. For example, an institution that adopts CECL as of January 1, 2020, and does not elect to use the CECL transition provision in its regulatory report as of March 31, 2020, would not be permitted to use the CECL transition provision in any subsequent reporting period.

A holding company that has adopted CECL and has elected to apply the CECL transition provision must enter “1” for “Yes” in item 2(a) for each quarter in which the holding company applies the transition provisions. A holding company that has adopted CECL and has elected not to apply the CECL transition provision must enter a “0” for “No” in item 2(a). A holding company that has not adopted CECL must not complete item 2(a).

Each holding company would complete item 2(a) beginning in the FR Y-9C report for its first reporting period under CECL and in each subsequent FR Y-9C report thereafter until item 2(a) is removed from the report. Effective March 31, 2025, the Federal Reserve proposes to remove item 2(a) from Schedule HC-R, Part I, because the optional three-year phase-in period will have ended for all electing institutions by the end of the prior calendar year. If an individual electing holding company’s three-year phase-in period ends before item 2(a) is removed (e.g., its phase-in period ends December 31, 2022), the holding company would report in item 2(a) that its CECL transition election is no longer in effect.

### Line Item 3 Accumulated other comprehensive income (AOCI).

For institutions that have made the AOCI Opt-out election in item 3(a) below, report the amount of AOCI as reported under generally accepted accounting principles (GAAP) in the U.S. that is included in Schedule HC, item 26(b). For holding companies that have not made or cannot make the AOCI opt-out election in item 3(a) below, report the amount of AOCI as reported under U.S. GAAP included in Schedule HC, item 26(b) subject to the transition provisions described in section (ii) in item 3(a) below.

#### Line Item 3(a) AOCI opt-out election.

##### (i) Holding companies, except advanced approaches holding companies:

A holding company that is not an advanced approaches holding company may make a one-time election to become subject to the AOCI-related adjustments in Schedule HC-R, items 9(a) through 9(e). That is, such a holding company may opt-out of the requirement to include most components of AOCI in common equity tier 1 capital (with the exception of accumulated net gains and losses on cash flow hedges related to items that are not recognized at fair value on the balance sheet). A holding company that makes an AOCI opt-out election



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## Schedule HC-R

must enter “1” for “Yes” in item 3(a). There are no transition provisions applicable to reporting Schedule HC-R, item 3, if a holding company makes an AOCI opt-out election.

A holding company (except an advanced approaches holding company) must make its AOCI opt-out election on the holding company’s March 31, 2015 FR Y-9C report. For a holding company that comes into existence after March 31, 2015, the holding company must make its AOCI opt-out election on the holding company’s first FR Y-9C report. After a holding company initially makes its AOCI opt-out election, the holding company must report its election in each quarterly FRY-9C report thereafter. Each of the holding company’s depository institution subsidiaries, if any, must elect the same option as the holding company. With prior notice to the Federal Reserve, a holding company resulting from a merger, acquisition, or purchase transaction may make a new AOCI opt-out election, as described in section 22(b)(2) of the revised regulatory capital rules.

***(ii) Holding companies that do not make an AOCI opt-out election and all advanced approaches holding companies:***

A holding company that does not make an AOCI opt-out election and enters “0” for “No” in item 3(a) and all advanced approaches holding companies are subject to the AOCI-related adjustment under Schedule HC-R, item 9(f). In addition, beginning January 1, 2014, for advanced approaches holding companies and January 1, 2015, for all other holding companies that report “No” in item 3(a) and through December 31, 2017, these holding companies must report Schedule HC-R, item 3, subject to the following transition provisions:

***Transition provisions:*** report AOCI adjusted for the transition AOCI adjustment amount in Schedule HC-R, item 3, as follows:

- (i) Determine the aggregate amount of the following items:
  - (1) Unrealized gains on available-for-sale securities that are preferred stock classified as an equity security under GAAP or available-for-sale equity exposures, plus
  - (2) Net unrealized gains (losses) on available-for-sale securities that are not preferred stock classified as an equity security under GAAP or available-for-sale equity exposures (i.e.,

available-for-sale debt securities reported in Schedule HC-B, items 1 through 6, columns C and D) and net unrealized gains (losses) on those assets not reported in Schedule HC-B, that the bank accounts for like available-for-sale debt securities in accordance with applicable accounting standards (e.g., negotiable certificates of deposit and nonrated industrial development obligations), plus

- (3) Any amounts recorded in AOCI attributed to defined benefit postretirement plans resulting from the initial and subsequent application of the relevant GAAP standards that pertain to such plans (excluding, at the holding company’s option, the portion relating to pension assets deducted in Schedule HC-R, item 10(b)(2)), plus
  - (4) Accumulated net gains (losses) on cash flow hedges related to items that are reported on the balance sheet at fair value included in AOCI, plus
  - (5) Net unrealized gains (losses) on held-to-maturity securities that are included in AOCI.
- (ii) Multiply the amount calculated in step (i) by the appropriate percentage in Table 1 below. This amount is the calendar-year transition AOCI adjustment amount.
  - (iii) Report in Schedule HC-R, item 3, the amount of AOCI reported in Schedule HC, item 26(b), minus the calendar-year transition AOCI adjustment amount calculated in step (ii). If the amount in step (ii) is negative, the result of step (ii) will be added to the amount from Schedule HC, item 26(b), since subtracting a negative number is equivalent to adding a number in step (iii).

**Line Item 4 Common equity tier 1 minority interest includable in common equity tier 1 capital.**

Report the aggregate amount of common equity tier 1 minority interest, calculated as described below and in section 21 of the revised regulatory capital rules. Common equity tier 1 minority interest is the portion of equity in a reporting institution’s subsidiary not attributable, directly or indirectly, to the parent institution. Note that an institution may only include common equity tier 1 minority interest if: (a) the subsidiary is a depository

# Schedule HC-R

**Table 1—Percentage of the transition AOCI adjustment amount to be applied to common equity tier 1 capital**

| Transition period                 | Percentage of the transition AOCI adjustment amount to be applied to common equity tier 1 capital |
|-----------------------------------|---|
| Calendar year 2014                | 80  |
| Calendar year 2015                | 60  |
| Calendar year 2016                | 40  |
| Calendar year 2017                | 20  |
| Calendar year 2018 and thereafter | 0   |

institution or a foreign bank; and (b) the capital instruments issued by the subsidiary meet all of the criteria for common equity tier 1 capital (qualifying common equity tier 1 capital instruments).

In general, the minority interest limitation applies only if a subsidiary has a surplus common equity tier 1 capital (that is, in excess of the subsidiary's minimum capital requirements and the applicable capital conservation buffer). For example, a subsidiary with a common equity tier 1 capital ratio of 8 percent that needs to maintain a common equity tier 1 capital ratio of more than 7 percent to avoid limitations on capital distributions and discretionary bonus payments is considered to have "surplus" common equity tier 1 capital. Thus, at the consolidated level, the holding company may not include the portion of such surplus common equity tier 1 capital and is required to phase out this surplus minority interest in accordance with Table 2, as described below in this item 4.

In addition, a holding company is required to phase-out regulatory capital instruments issued by the subsidiaries that no longer qualify for inclusion in regulatory capital in accordance with Table 2, as described below in this Schedule HC-R, item 4.

The following example and a worksheet is intended to assist holding companies in determining the amount of common equity tier 1 minority interest includable in common equity tier 1 capital.

**Example:** For each consolidated subsidiary that is a depository institution or a foreign bank, calculate com-

mon equity tier 1 minority interest includable at the holding company level as follows:

*Assumptions:*

- For example, assume that risk-weighted assets of the consolidated subsidiary are the same as the risk-weighted assets of the holding company that relate to the subsidiary (\$1,000);
- The subsidiary's common equity tier 1 capital is \$80;
- The subsidiary's common equity tier 1 minority interest (that is, owned by minority shareholders) is \$24.

***Transition provisions for surplus minority interest or non-qualifying minority interest:***

**a. Surplus minority interest:**

A holding company may include in common equity tier 1 capital, tier 1 capital, or total capital the percentage of the common equity tier 1 minority interest, tier 1 minority interest and total capital minority interest outstanding as of January 1, 2014, that exceeds any common equity tier 1 minority interest, tier 1 minority interest or total capital minority interest includable under section 21 of the revised regulatory capital rules (surplus minority interest) as follows:

- (i) Determine the amounts of outstanding surplus minority interest (for the case of common equity tier 1, tier 1, and total capital).
- (ii) For advanced approaches holding companies, multiply the amounts in (i) by the appropriate percentage in Table 2 below. For non-advanced approaches

## Schedule HC-R

|     |   |                             |
|-----|---|-----------------------------|
| (1) | Determine the risk-weighted assets of the subsidiary.   | \$1,000                     |
| (2) | Using the standardized approach, determine the risk-weighted assets of the holding company that relate to the subsidiary. Note that the amount in this step (2) may differ from the amount in step (1) due to intercompany transactions and eliminations in consolidation.                        | \$1,000                     |
| (3) | Determine the lower of (1) or (2), and multiply that amount by 7.0%. <sup>6</sup>   | $\$1,000 \times 7\% = \$70$ |
| (4) | Determine the dollar amount of the subsidiary's common equity tier 1 capital (assumed \$80 in this example). If this amount is less than step (3), include common equity tier 1 minority interest (assumed to be \$24 in this example) in Schedule HC-R, item 4. Otherwise, continue to step (5). | \$80                        |
| (5) | Subtract the amount in step (3) from the amount in step (4). This is the "surplus common equity tier 1 capital of the subsidiary."  | $\$80 - \$70 = \$10$        |
| (6) | Determine the percent of the subsidiary's common equity tier 1 capital owned by third parties (the minority shareholders).  | $\$24/\$80 = 30\%$          |
| (7) | Multiply the percentage in step (6) by the dollar amount in step (5). This is the "surplus common equity tier 1 minority interest of the subsidiary," Subject to the transition provisions below.   | $30\% \times \$10 = \$3$    |
| (8) | Subtract the amount in step (7) from the subsidiary's common equity tier 1 minority interest.   | $\$24 - \$3 = \$21$         |
| (9) | This is the "common equity tier 1 minority interest includable at the holding company level" to be included in Schedule HC-R, item 4, for this subsidiary.  | \$21                        |

6. The percentage multiplier in step (3) is the capital ratio necessary for the depository institution to avoid restrictions on distributions and discretionary bonus payments. Advanced approaches holding companies must adjust this percentage to account for all the applicable buffers.

holding companies, multiply the amounts in (i) by 20 percent.

(iii) Include the amounts in (ii) in the corresponding line items (that is, Schedule HC-R, item 4, item 22, or item 29).

In the worksheet calculation above, the transition provisions for surplus minority interest would apply at step (7). Specifically, if the holding company has \$3 of surplus common equity tier 1 minority interest of the subsidiary as of January 1, 2014, it may include \$1.80 (that is, \$3 multiplied by 60%) in Schedule HC-R, item 4,

during calendar year 2015; \$1.20 during calendar year 2016; \$0.60 during calendar year 2017; \$0 starting on January 1, 2018, for an advanced approaches holding company and \$0.60 starting on January 1, 2018 for a non-advanced approaches institution.

### **b. Non-qualifying minority interest:**

A holding company may include in tier 1 capital or total capital the percentage of the tier 1 minority interest and total capital minority interest outstanding as of January 1, 2014, that does not meet the criteria for additional tier 1 or tier 2 capital instruments in section 20 of the revised

# Schedule HC-R

**Table 2—Percentage of the amount of surplus minority interest or non-qualifying minority interest includable in regulatory capital during the transition period**

| Transition period                 | Percentage of the amount of surplus minority interest for advanced approaches holding companies or non-qualifying minority interest for all holding companies that can be included in regulatory capital during the transition period |
|-----------------------------------|---|
| Calendar year 2014                | 80  |
| Calendar year 2015                | 60  |
| Calendar year 2016                | 40  |
| Calendar year 2017                | 20  |
| Calendar year 2018 and thereafter | 0   |

regulatory capital rules (non-qualifying minority interest). The holding company must phase-out non-qualifying minority interest in accordance with Table 2, using the following steps for each subsidiary:

- (i) Determine the amounts of the outstanding non-qualifying minority interest (in the form of additional tier 1 and tier 2 capital).
- (ii) Multiply the amounts in (i) by the appropriate percentage in Table 2 below.
- (iii) Include the amounts in (ii) in the corresponding item (that is, Schedule HC-R, item 22 or item 29).

For example, if a holding company has \$10 of non-qualifying minority interest that previously qualified as tier 1 capital, it may include \$8 (that is, \$10 multiplied by 80%) during calendar year 2014, \$6 during calendar year 2015, \$4 during calendar year 2016, \$2 during calendar year 2017 and \$0 starting in January 1, 2018.

## **Line Item 5 Common equity tier 1 capital before adjustments and deductions.**

Report the sum of Schedule HC-R, items 1, 2, 3, and 4.

## **Common equity tier 1 capital: adjustments and deductions**

*Note 1:* As described in section 22(b) of the revised regulatory capital rules, regulatory adjustments to common equity tier 1 capital must be made net of associated deferred tax effects.

*Note 2:* As described in section 22(e) of the revised regulatory capital rules, netting of deferred tax liabilities (DTLs) against assets that are subject to deduction is permitted if the following conditions are met:

- (i) The DTL is associated with the asset;
- (ii) The DTL would be extinguished if the associated asset becomes impaired or is derecognized under GAAP; and
- (iii) A DTL can only be netted against a single asset.

The amount of deferred tax assets (DTAs) that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances, and of DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of any related valuation allowances, may be offset by DTLs (that have not been netted against assets subject to deduction) if the following conditions are met:

- (i) Only the DTAs and DTLs that relate to taxes levied by the same taxation authority and that are eligible for offsetting by that authority may be offset for purposes of this deduction.
- (ii) The amount of DTLs that the holding company nets against DTAs that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances, and against DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of any related

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## Schedule HC-R

valuation allowances, must be allocated in proportion to the amount of DTAs that arise from net operating loss and tax credit carryforwards (net of any related valuation allowances, but before any offsetting of DTLs) and of DTAs arising from temporary differences that could not be realized through net operating loss carrybacks (net of any related valuation allowances, but before any offsetting of DTLs), respectively.

A holding company may offset DTLs embedded in the carrying value of a leveraged lease portfolio acquired in a business combination that are not recognized under GAAP against DTAs that are subject to section 22(a) of the revised regulatory capital rules in accordance with section 22(e).

A holding company must net DTLs against assets subject to deduction in a consistent manner from reporting period to reporting period. A holding company may change its DTL netting preference only after obtaining the prior written approval of the Federal Reserve.

In addition, note that even though certain deductions may be net of associated DTLs, the risk-weighted portion of those items may not be reduced by the associated DTLs.

### **Line Item 6 LESS: Goodwill net of associated deferred tax liabilities (DTLs).**

Report the amount of goodwill included in Schedule HC-M, item 12(b).

However, if the holding company has a DTL that is specifically related to goodwill that it chooses to net against the goodwill, the amount of disallowed goodwill to be reported in this item should be reduced by the amount of the associated DTL.

If a holding company has significant investments in the capital of unconsolidated financial institutions in the form of common stock, the holding company should report in this item goodwill embedded in the valuation of a significant investment in the capital of an unconsolidated financial institution in the form of common stock (embedded goodwill). Such deduction of embedded goodwill would apply to investments accounted for under the equity method. Under GAAP, if there is a difference between the initial cost basis of the investment and the amount of underlying equity in the net assets of the investee, the resulting difference should be accounted for

as if the investee were a consolidated subsidiary (which may include imputed goodwill).

There are no transition provisions for this item.

### **Line Item 7 LESS: Intangible assets (other than goodwill and mortgage servicing assets (MSAs)), net of associated DTLs.**

Report all intangible assets (other than goodwill and MSAs), included in Schedule HC-M, item 12(c), that do not qualify for inclusion in common equity tier 1 capital under the regulatory capital rules. Generally, all purchased credit card relationships (PCCRs), non-mortgage servicing assets, and all other intangibles, reported in Schedule HC-M, item 12(c), do not qualify for inclusion in common equity tier 1 capital and should be included in this item.

However, if the holding company has a DTL that is specifically related to an intangible asset (other than goodwill and MSAs) 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 the associated DTL. Furthermore, a DTL that the holding company chooses to net against the related intangible reported that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances, and DTAs that arise from temporary differences, net of any related valuation allowances, 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 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.

#### ***Transition provisions:***

- (i) Calculate the amount as described in the instructions for this item 7.
- (ii) Multiply the amount in (i) by the appropriate percentage in accordance with Table 3 below. Report the product in this line item 7.
- (iii) Subtract (ii) from (i), without regard to any associated DTLs, to calculate the balance amount which must be risk weighted during the transition period.



# Schedule HC-R

**Table 3—Deduction of intangible assets other than goodwill and MSAs during the transition period**

| Transition period                 | Percentage of the deductions from common equity tier 1 capital |
|-----------------------------------|--|
| Calendar year 2014                | 20   |
| Calendar year 2015                | 40   |
| Calendar year 2016                | 60   |
| Calendar year 2017                | 80   |
| Calendar year 2018 and thereafter | 100  |

(iv) Multiply the amount in (iii) by 100 percent and report the risk-weighted assets as part of “All other assets” in Schedule HC-R, Part II.

For example, in calendar year 2014, a holding company will deduct 20 percent of intangible assets (other than goodwill and MSAs), net of associated DTLs, from common equity tier 1 capital. The holding company must apply a 100 percent risk weight to the asset amount that is not deducted, without regard to any associated DTLs.

**Line Item 8 LESS: Deferred tax assets (DTAs) that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances and net of DTLs.**

Report the amount of DTAs that arise from net operating loss and tax credit carryforwards, net of associated valuation allowances and net of associated DTLs.

**Transition provisions:**

- (i) Determine the amount as described in the instructions for this line item 8.
- (ii) Multiply the amount in (i) by the appropriate percent in column A of Table 4 below. Report this product in Schedule HC-R, item 8.
- (iii) Multiply the amount in (i) by the appropriate percent in column B of Table 4 below. Report this product as part of Schedule HC-R, item 24, “Additional tier 1 capital deductions.”

**Line Item 9 AOCI-related adjustments.**

Holding companies that entered “1” for “Yes” in Schedule HC-R, Part I, item 3(a), and have not adopted FASB

Accounting Standards update No. 2016-10 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule HC, item 2(c)) must complete Schedule HC-R, Part I, items 9(a) through 9(e), only. Institutions that entered “1” for “Yes” in Schedule HC-R,

Part I, item 3(a), and have adopted ASU 2016-01 must complete Schedule HC-R, Part I, Items 9(a) and 9(c) through 9(e), only.

Holding companies that entered “0” for “No” in Schedule HC-R, Part I, item 3(a), must complete Schedule HC-R, Part I, item 9(f), only.

**Line Item 9(a) LESS: Net unrealized gains (losses) on available-for-sale securities.**

For holding companies that entered “1” for “Yes” in Schedule HC-R, Part I, item 3(a), and have not adopted ASU 2016-01, as referenced in the instructions for item 9, above. Report the amount of net unrealized gains (losses) on available-for-sale debt and equity securities, net of applicable income taxes, that is included 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.

For such holding companies, include in this item net unrealized gains (losses) on available-for-sale debt and equity securities reported in Schedule HC-B, items 1 through 7, columns C and D, and on those assets not reported in Schedule HC-B, that the holding company

## Schedule HC-R

**Table 4—Deduction of DTAs that arise from net operating loss and tax credit carry forwards net of any valuation allowances and net of DTLs, gain-on-sale in connection with a securitization exposure, defined benefit pension fund assets, changes in fair value of liabilities, and expected credit losses during the transition period**

| Transition period                 | Column A: Percentage of the adjustment applied to common equity tier 1 capital | Column B: Percentage of the adjustment applied to additional tier 1 capital |
|-----------------------------------|--|---|
| Calendar year 2014                | 20   | 80  |
| Calendar year 2015                | 40   | 60  |
| Calendar year 2016                | 60   | 40  |
| Calendar year 2017                | 80   | 20  |
| Calendar year 2018 and thereafter | 100  | 0   |

Note for Table 4: A holding company may only take a deduction from additional tier 1 capital up to the amount of additional tier 1 capital before deductions, as reported in item 23, that the holding company has. For example, if a holding company does not have any additional tier 1 capital before deductions (i.e., the institution reports \$0 in item 23), then the entire deduction amount will be from common equity tier 1 capital. In this case, include the deduction amount that applies to additional tier 1 capital in item 24 and also include it in item 17, “LESS: Deductions applied to common equity tier 1 capital due to insufficient amounts of additional tier 1 capital and tier 2 capital to cover deductions.”

accounts for like available-for-sale debt securities in accordance with applicable accounting standards (e.g., negotiable certificates of deposit and nonrated industrial development obligations).

For holding companies that entered “1” for “Yes” in Schedule HC-R, Part I, item 3(a) and have adopted ASU 2016-01, report the amount of net unrealized gains (losses) on available-for-sale debt securities, net of applicable income taxes, that is included 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.

For such institutions, include in this item net unrealized gains (losses) on available-for-sale debt securities reported in Schedule HC-B, items 1 through 6, columns C and D, and on those assets not reported in Schedule HC-B, that the bank accounts for like available-for-sale debt securities in accordance with applicable accounting standards (e.g., negotiable certificates of deposit and nonrated industrial development obligations).

NOTE: Schedule HC-R, Part I, item 9(b) is to be completed only by holding companies that entered “1” for “Yes” in Schedule HC-R, Part I, item 3(a), and have not adopted ASU 2016-10 (as referenced in the instructions for item 9, above).

Holding companies that entered “1” for “Yes” in Schedule HC-R, Part I, item 3(a), and have adopted ASU 2016-01 should leave item 9(b) blank.

**Line Item 9(b) LESS: Net unrealized loss on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures.**

Report as a positive value net unrealized loss on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures, net of applicable income taxes, that is included in Schedule HC, item 26(b), “Accumulated other comprehensive income.” Available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures are reported in Schedule HC-B, item 7,

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## Schedule HC-R

columns C and D, and include investments in mutual funds.

**Line Item 9(c) LESS: Accumulated net gains (losses) on cash flow hedges.**

Report the amount of accumulated net gains (losses) on cash flow hedges, net of applicable income taxes, that is included in Schedule HC, item 26(b), “Accumulated other comprehensive income.” The amount reported in item 9(c) should include gains (losses) on cash flow hedges that are no longer effective but included in AOCI. 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 9(d) LESS: Amounts recorded in AOCI attributed to defined benefit postretirement plans resulting from the initial and subsequent application of the relevant GAAP standards that pertain to such plans.**

Report the amounts recorded in AOCI net of applicable taxes, and included in Schedule HC, item 26(b), “Accumulated other comprehensive income,” resulting from the initial and subsequent application of ASC Subtopic 715-20 (formerly FASB Statement No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans”) to defined benefit postretirement plans (a holding company may exclude the portion relating to pension assets deducted in Schedule HC-R, item 10(b)). 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 9(e) LESS: Net unrealized gains (losses) on held-to-maturity securities that are included in AOCI.**

Report the amount of net unrealized gains (losses) on held-to-maturity securities that is not credit-related, net of applicable taxes and is included in AOCI as reported in Schedule HC, item 26(b), “Accumulated other comprehensive income.” If the amount is a net gain, report it as a positive value. If the amount is a net loss, report it as a negative value.

Include (i) the unamortized balance of the unrealized gain (loss) that existed at the date of transfer of a debt security transferred into the held-to-maturity category from the available-for-sale category, net of applicable taxes and (ii) the unaccreted 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 (formerly FASB Statement No. 115, “Accounting for Certain Investments in Debt and Equity Securities”), net of applicable taxes.

**Line Item 9(f)—to be completed only by holding companies that entered “0” for “No” in Schedule HC-R, Part I, item 3(a):**

**LESS: Accumulated net gain (loss) on cash flow hedges included in AOCI, net of applicable income taxes, that relate to the hedging of items that are not recognized at fair value on the balance sheet.**

Report the amount of accumulated net gain (loss) on cash flow hedges included in AOCI, net of applicable income taxes, that relate to the hedging of items that are not recognized at fair value on the balance sheet. If the amount is a net gain, report it as a positive value. If the amount is a net loss, report it as a negative value.

**Line Item 10 Other deductions from (additions to) common equity tier 1 capital before threshold-based deductions:**

**Line Item 10(a) LESS: Unrealized net gain (loss) related to changes in the fair value of liabilities that are due to changes in own credit risk.**

Report the amount of unrealized net gain (loss) related to changes in the fair value of liabilities that are due to changes in the holding company’s own credit risk. 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.

Advanced approaches holding companies only: include the credit spread premium over the risk free rate for derivatives that are liabilities.

**Transition provisions:** Follow the transition provisions in Schedule HC-R, item 8.

**Line Item 10(b) LESS: All other deductions from (additions to) common equity tier 1 capital before threshold-based deductions.**

Report the amount of other deductions from (additions to) common equity tier 1 capital that are not included in Schedule HC-R, items 1 through 9, as described below.

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## Schedule HC-R

### **(1) After-tax gain-on-sale in connection with a securitization exposure.**

Include any after-tax gain-on-sale in connection with a securitization exposure. Gain-on-sale means an increase in the equity capital of a holding company resulting from a securitization (other than an increase in equity capital resulting from the holding company's receipt of cash in connection with the securitization or reporting of a mortgage servicing asset on Schedule HC).

**Transition provisions:** Follow the transition provisions in Schedule HC-R, item 8.

### **(2) Defined benefit pension fund assets, net of associated DTLs.**

A holding company should include for deduction in item 10(b) any defined benefit pension fund assets, net of any associated DTLs. With the prior approval of the Federal Reserve, this deduction is not required for any defined benefit pension fund net asset to the extent the holding company has unrestricted and unfettered access to the assets in that fund. For an insured depository institution, no deduction is required.

A holding company must risk weight any portion of the defined benefit pension fund asset that is not deducted as if the holding company directly holds a proportional ownership share of each exposure in the defined benefit pension fund.

**Transition provisions:** Follow the transition provisions in Schedule HC-R, item 8.

### **(3) Investments in the holding company's own shares to the extent not excluded as part of treasury stock.**

Include the holding company's investments in (including any contractual obligation to purchase) its own common stock instruments, including direct, indirect, and synthetic exposures to such capital instruments (as defined in the revised regulatory capital rules), to the extent such capital instruments are not excluded as part of treasury stock, reported in Schedule HC-R, item 1.

If a holding company already deducts its investment in its own shares (for example, treasury stock) from its common equity tier 1 capital elements, it does not need to make such deduction twice.

A holding company may deduct gross long positions net of short positions in the same underlying instrument only if the short positions involve no counterparty credit risk

and all other criteria in section 22(h) of the revised regulatory capital rules are met.

The holding company must look through any holdings of index securities to deduct investments in its own capital instruments.

In addition:

- (i) Gross long positions in investments in a holding company's own regulatory capital instruments resulting from holdings of index securities may be netted against short positions in the same underlying index;
- (ii) Short positions in index securities to hedge long cash or synthetic positions may be decomposed to recognize the hedge; and
- (iii) The portion of the index composed of the same underlying exposure that is being hedged may be used to offset the long position only if both the exposure being hedged and the short position in the index are covered positions under the market risk rule, and the hedge is deemed effective by the holding company's internal control processes which would have been assessed by the Federal Reserve.

**Transition provisions:** Apply the appropriate percentage for deductions related to investments in capital instruments in Table 5 in the instructions for Schedule HC-R, Part I, item 11.

### **(4) Reciprocal cross-holdings in the capital of financial institutions in the form of common stock.**

Include investments in the capital of other financial institutions (in the form of common stock) that the holding company holds reciprocally (this is the corresponding deduction approach). Such reciprocal cross-holdings may result from a formal or informal arrangement to swap, exchange, or otherwise intend to hold each other's capital instruments.

**Transition provisions:** Apply the appropriate percentage for deductions related to investments in capital instruments in Table 5 in the instructions for Schedule HC-R, Part I, item 11.

# Schedule HC-R

## (5) Advanced approaches holding companies only that exit parallel run.<sup>7</sup>

Include the amount of expected credit loss that exceeds the holding company's eligible credit reserves.

**Transition provisions:** Follow the transition provisions in Schedule HC-R, item 8.

### Line Item 11 LESS: Non-significant investments in the capital of unconsolidated financial institutions in the form of common stock that exceed the 10 percent threshold for non-significant investments.

A holding company has a non-significant investment in the capital of an unconsolidated financial institution if it

7. An advanced approaches holding company that exit the parallel run is an advanced approaches holding company that has completed the parallel run process and received notification from the Federal Reserve pursuant to section 121(d) of subpart E of the revised regulatory capital rules.

owns 10 percent or less of the issued and outstanding common shares of that institution.

Report the amount of non-significant investments in the capital of unconsolidated financial institutions in the form of common stock that, in the aggregate, exceed the 10 percent threshold for non-significant investments, calculated as described below. The holding company may apply associated DTLs to this deduction.

#### Example and a worksheet calculation:

##### Assumptions:

- A holding company has a total of \$200 in non-significant investments in the capital of unconsolidated financial institutions, of which \$100 is in common shares. For this example, all of the \$100 in common shares is in the common stock of a publicly traded financial institution.

|     |  |  |
|-----|--|--|
| (1) | Determine the aggregate amount of non-significant investments in the capital of unconsolidated financial institutions (including in the form of common stock, additional tier 1, and tier 2 capital).                    | \$200  |
| (2) | Determine the amount of non-significant investments in the capital of unconsolidated financial institutions in the form of common stock.   | \$100  |
| (3) | Subtract from Schedule HC-R, item 5, the amounts in Schedule HC-R, items 6, 7, 8, 9, and 10.   | \$1,000 - \$0 = \$1,000  |
| (4) | Multiply the amount in step (3) by 10%. This is "the 10 percent threshold for non-significant investments."  | \$1,000 x 10% = \$100  |
| (5) | If (1) is greater than (4), subtract (4) from (1) and multiply the result by the ratio of (2) divided by (1). Report this amount in this Schedule HC-R, item 11.<br>If (1) is less than (4), enter zero in this item 11. | Line (1) is greater than line (4); therefore \$200 - \$100 = \$100. Then (\$100 x 100/200) = \$50. Report \$50 in this line item 11.                               |
| (6) | Assign the applicable risk weight to the amount of non-significant investments in the capital of unconsolidated financial institutions that does not exceed the 10 percent threshold for non-significant investments.    | Of the \$100 in common shares, \$50 are deducted in this line item 11. The remaining \$50 needs to be included in risk-weighted assets in Schedule HC-R, Part II.* |

\* In this case, \$50 x 300% risk weight for publicly traded common shares = \$150 in risk-weighted assets for the portion of common shares in an unconsolidated financial institution that are not deducted. Include this amount in Schedule HC-R, Part II, risk-weighted assets, "All other assets" item.



# Schedule HC-R

- The amount reported on Schedule HC-R, item 5 (common equity tier 1 capital before adjustments and deductions (sum of items 1 through 4)), is \$1,000.
- Assume the amounts reported in Schedule HC-R, items 6 through 9(f), are all \$0.

**Transition provisions for investments in capital instruments:**

- (i) Calculate the amount as described in the instructions for this line item 11.

- (ii) For Advanced approaches holding companies, multiply the amount in (i) by the appropriate percent in

Table 5 below. For non-advanced approaches holding companies, multiply the amount in (i) by 80 percent. For all holding companies, report this product in this item 11.

- (iii) Subtract (ii) from (i); assign it the applicable risk weight; and report it in Schedule HC-R, Part II, as part of risk-weighted assets.

**Table 5—Deductions related to investments in capital instruments during the transition period**

| Transition period                 | Transition deductions - percentage of the deductions from common equity tier 1 capital |
|-----------------------------------|--|
| Calendar year 2014                | 20   |
| Calendar year 2015                | 40   |
| Calendar year 2016                | 60   |
| Calendar year 2017                | 80   |
| Calendar year 2018 and thereafter | 100  |

**Line Item 12 Subtotal.**

Report the amount in Schedule HC-R, item 5, less the amounts in Schedule HC-R, items 6 through 11.

This subtotal will be used in Schedule HC-R, items 13 through 16, to calculate the amounts of items subject to the 10 and 15 percent common equity tier 1 capital threshold deductions (threshold items):

- Significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of DTLs,
- MSAs, net of associated DTLs; and
- DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs.

**Line Item 13 LESS: Significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold.**

A holding company has a significant investment in the capital of an unconsolidated financial institution when it owns more than 10 percent of the issued and outstanding common shares of that institution.

Report the amount of significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold, calculated as follows:

- (1) Determine the amount of significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs.
- (2) If the amount in (1) is greater than 10 percent of the amount of Schedule HC-R, item 12, report the difference as this item 13.

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## Schedule HC-R

- (3) If the amount in (2) is less than 10 percent of Schedule HC-R, item 12, report zero.

If the holding company included embedded goodwill in Schedule HC-R, item 6, to avoid double counting, the holding company may net such embedded goodwill already deducted against the exposure amount of the significant investment. For example, if a holding company has deducted \$10 of goodwill embedded in a \$100 significant investment in the capital of an unconsolidated financial institution in the form of common stock, the holding company would be allowed to net such embedded goodwill against the exposure amount of such significant investment (that is, the value of the investment is \$90 for purposes of the calculation of the amount that would be subject to deduction).

***Transition provisions for items subject to the threshold deductions:***

- (i) Calculate the amount as described in the instructions for this line item 13.
- (ii) For advanced approaches institutions, multiply the amount in (i) by the appropriate percent in Table 6 below. For non-advanced approaches holding companies, multiply the amount in (i) by 80 percent. For all holding companies, report this product as this item amount. In addition:
- (iii) *For all holding companies, for report dates until January 1, 2018:* Subtract the amount in (ii) from the amount in (i); assign it a 100 percent risk weight in accordance with transition provisions in section 300 of the revised regulatory capital rules, and report it in Schedule HC-R, Part II, item 2(b), 7, or 8 as appropriate.
- (iv) *For report dates after January 1, 2018:* For advanced approaches holding companies, apply a 250 percent risk-weight to the aggregate amount of the items subject to the 10 and 15 percent common equity tier 1 capital deduction thresholds that are not deducted from common equity tier 1 capital, without regard to any associated DTLs. For non-advanced approaches institutions continue to apply a 100 percent risk weight to these items. Report this amount in Schedule HC-R, Part II, item 2(b), 7, or 8, as appropriate.

**Line Item 14 LESS: MSAs, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold.**

Report the amount of MSAs included in Schedule HC-M, item 12(a), net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold as follows:

- (1) Take the amount of MSAs as reported in Schedule HC-M, item 12(a), net of associated DTLs.
- (2) If the amount in (1) is higher than 10 percent of Schedule HC-R, item 12, report the difference in this item 14.
- (3) If the amount in (1) is lower than 10 percent of Schedule HC-R, item 12, enter zero.

***Transition provisions:*** Follow the transition provisions in Schedule HC-R, Part I, item 13 (that is, for advanced approaches holding companies, use table 6 in Schedule HC-R, Part I, item 13; for non-advanced approaches holding companies, apply 80 percent of the deduction and a 100 percent risk weight to the portion of items not deducted).

# Schedule HC-R

**Table 6—Transition provisions for items subject to the threshold deductions**

| Calendar year       | Percentage of the deduction |
|---------------------|-----------------------------|
| 2014                | 20                          |
| 2015                | 40                          |
| 2016                | 60                          |
| 2017                | 80                          |
| 2018 and thereafter | 100                         |

**Line Item 15 LESS: DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold.**

- (1) Report the amount of DTAs arising from temporary differences that the holding company could not realize through net operating loss carrybacks net of any related valuation allowances and net of associated DTLs (for example, DTAs resulting from the holding company's ALLL or allowances for credit losses (ACL), as applicable).
- (2) If the amount in (1) is higher than 10 percent of Schedule HC-R, item 12, report the difference in this item 15.
- (3) If the amount in (1) is lower than 10 percent of Schedule HC-R, item 12, enter zero.

DTAs arising from temporary differences that could be realized through net operating loss carrybacks are not subject to deduction, and instead must be assigned a 100 percent risk weight.

**Transition provisions:** Follow the transition provisions in Schedule HC-R, Part I, item 13 (that is, for advanced approaches holding companies, use table 6 in Schedule HC-R, Part I, item 13; for non-advanced approaches holding companies, apply 80 percent of the deduction

and a 100 percent risk weight to the portion of items not deducted).

**Line Item 16 LESS: Amount of significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs; MSAs, net of associated DTLs; and DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs; that exceeds the 15 percent common equity tier 1 capital deduction threshold.**

The aggregate amount of the threshold items (that is, significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs; MSAs, net of associated DTLs; and DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs) may not exceed 15 percent of the holding company's common equity tier 1 capital, net of applicable adjustments and deductions (the 15 percent common equity tier 1 capital deduction threshold).

**Transition provisions:**

- a. For advanced approaches holding companies for report dates until January 1, 2018 and for non-advanced approaches institutions for report dates both before and after January 1, 2018, calculate item 16 as follows:
  - (i) Calculate the aggregate amount of the threshold items before deductions:

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## Schedule HC-R

- Significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs (Schedule HC-R, item 13, step 1);
  - MSAs, net of associated DTLs (Schedule HC-R, item 14, step 1); and
  - DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of any related valuation allowance and net of DTLs (Schedule HC-R, item 15, step 1).
- (ii) Multiply the amount in Schedule HC-R, item 12 (Subtotal) by 15 percent. *This is the 15 percent common equity deduction threshold for transition purposes.*
- (iii) Sum up the amounts that would have been reported in Schedule HC-R, items 13, 14, and 15 that would be (prior to applying the transition provision that is as if the 10% common equity tier 1 capital deduction threshold for those items were fully phased in).
- (iv) Deduct (iii) from (i).
- (v) Deduct (ii) from (iv). If this amount is negative, enter zero.
- (vi) For advanced approaches holding companies, multiply the amount in (v) by the percentage in Table 6, in Schedule HC-R, item 13. For non-advanced approaches holding companies multiply the amount in (v) by 80 percent. For all institutions report the resulting amount in this item 16.

### ***Example and a worksheet calculation for non-advanced approaches holding companies:***

*Assume the following balance sheet amounts prior to deduction of these items:*

- o Common equity tier 1 capital subtotal amount reported in Schedule HC-R, item 12 = \$100
- o Significant investments in the common shares of unconsolidated financial institutions net of associated DTLs = \$15
- o MSAs, net of associated DTLs = \$7
- o DTAs arising from temporary differences that could not be realized through net operating loss carrybacks net of any related valuation allowance and net of DTLs = \$6

- o Amount of each item that exceeds the 10% common equity tier 1 capital deduction threshold (as if the amounts subject to the 10% limit were fully phased in):
  - Significant investments in the common shares of unconsolidated financial institutions net of associated DTLs = \$5 (amount that would have been reported in Schedule HC-R, item 13, if the amount were fully phased in)
  - MSAs net of associated DTLs = \$0 (amount that would have been reported in Schedule HC-R, item 14, if the amount were fully phased in)
  - DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of any related valuation allowances and net of DTLs = \$0 (amount that would have been reported in Schedule HC-R, item 15, if the amount were fully phased in).

### *Calculation steps:*

- (i) Sum of the significant investments in the common shares of unconsolidated financial institutions, MSAs, and DTAs (all net of associated DTLs) before deductions:  $\$15 + \$7 + \$6 = \$28$
  - (ii) 15% of the amount from Schedule HC-R, item 12:  $15\% \times \$100 = \$15$
  - (iii) Sum of the amounts that would have been reported in Schedule HC-R, items 13, 14, and 15 if the amounts subject to the 10% common equity tier 1 capital deduction threshold were fully phased in: \$5
  - (iv) Deduct the amount in step (iii) from the amount in step (i):  $\$28 - \$5 = \$23$  (This is the amount of these three items that remains after the 10% deductions are taken.)
  - (v) Deduct the amount in step (ii) from the amount in step (iv):  $\$23 - \$15 = \$8$  (This is an additional deduction that must be taken.)
  - (vi) Multiply the amount in step (v) by 80%:  $\$8 \times 80\% = \$6.40$ . Report \$6.40 in this item 16.
- b. For advanced approaches holding companies only for report dates after January 1, 2018, calculate this item 16 as follows:

### ***Example and a worksheet calculation for advanced approaches institutions:***

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## Schedule HC-R

*Assumptions:*

- The amount reported in Schedule HC-R, item 12 is \$130 (This amount is common equity tier 1 after all deductions and adjustments, except for deduction of the threshold items).
- Assume that the associated DTLs are zero; also assume the following balance sheet amounts prior to deduction of these items:
  - o Significant investments in the common shares of unconsolidated financial institutions net of associated DTLs = \$10.
  - o MSAs net of associated DTLs = \$20
  - o DTAs arising from temporary differences that could not be realized through net operating loss carrybacks net of any related valuation allowances and net of DTLs = \$30.



# Schedule HC-R

|     |  |                             |
|-----|--|-----------------------------|
| (1) | <b>Aggregate amount of threshold items before deductions Enter the sum of:</b>   |                             |
|     | a. Significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs (Schedule HC-R, item 13, step 1);   | \$10                        |
|     | b. MSAs net of associated DTLs (Schedule HC-R, item 14, step 1); and   | \$20                        |
|     | c. DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of any related valuation allowance and net of DTLs (Schedule HC-R, item 15, step 1).  | \$30                        |
|     | d. Total of a, b, and c:   | \$60                        |
| (2) | <b>The 10 percent common equity tier 1 capital deduction threshold</b>   |                             |
|     | Multiply the amount reported in Schedule HC-R, item 12 by 10 percent.  | $\$130 * 10\% = \$13$       |
| (3) | <b>Amount of threshold items deducted as a result of the 10 percent common equity tier 1 capital deduction threshold</b>   |                             |
|     | a. Significant investments in the capital of unconsolidated financial institutions in the form of common stock net of associated DTLs (as reported in Schedule HC-R, item 13)  | \$0                         |
|     | b. MSAs net of associated DTLs (as reported in Schedule HC-R, item 14)   | $\$20 - \$13 = \$7$         |
|     | c. DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs (as reported in Schedule HC-R, item 15)   | $\$30 - \$13 = \$17$        |
| (4) | <b>Sum of threshold items not deducted as a result of the 10 percent common equity tier 1 capital deduction threshold</b><br>Enter the sum of:   |                             |
|     | a. Significant investments in the capital of unconsolidated financial institutions in the form of common stock net of associated DTLs that are not deducted (that is, the difference between the amount in step (1)(a) of this table and step 3(a) of this table)                              | \$10                        |
|     | b. MSAs that are not deducted (that is, the difference between the amount in step (1)(b) of this table and step 3(b) of this table)  | $\$20 - \$7 = \$13$         |
|     | c. DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs that are not deducted (that is, the difference between the amount in step (1)(c) of this table and step (3)(c) of this table) | $\$30 - \$17 = \$13$        |
|     | d. Total of a, b, and c  | $\$10 + \$13 + \$13 = \$36$ |
| (5) | <b>The 15 percent common equity tier 1 capital deduction threshold</b><br>Calculate as follows:  |                             |

## Schedule HC-R

|     |   |   |
|-----|---|---|
|     | <p>a. Subtract the amount calculated in step (1)(d) of this table from Schedule HC-R, item 12.</p> <p>b. Multiply the resulting amount by 17.65%</p>  | <p><math>(\\$130 - \\$60) \times 17.65\% = \\$12.36</math><br/>Rounds to \$12</p>   |
| (6) | <p><b>Amount of threshold items that exceed the 15 percent common equity tier 1 capital deduction threshold</b></p> <p>Report as follows:</p>   |   |
|     | <p>a. If the amount in step (4)(d) is greater than the amount in step (5), then subtract (5) from (4)(d) and report this number in Schedule HC-R, item 16. (In addition, the holding company must risk-weight the items that are not deducted at 250 percent in the risk-weighted asset section of this form.)</p> <p>b. If the amount in step (4)(d) is less than the amount in step (5), report zero in Schedule HC-R, item 16.</p>         | <p>The amount in step 4(d) (\$36) is greater than the amount in step 5 (\$12).</p> <p>Therefore:<br/><math>\\$36 - \\$12 = \\$24</math></p>               |
| (7) | <p>Advanced approaches institutions only need to complete this calculation: if the amount in step (6) is above zero, then pro-rate the threshold items' deductions as follows:</p>  |   |
|     | <p>a. Significant investments in the capital of unconsolidated financial institutions in the form of common stock: multiply (6)(a) by the ratio of (1)(a) over (1)(d).</p> <p>b. MSAs net of associated DTAs: multiply (6)(a) by the ratio of (1)(b) over (1)(d).</p> <p>c. DTAs arising from temporary differences that could not be realized through net operating loss carrybacks: multiply (6)(a) by the ratio of (1)(c) over (1)(d).</p> | <p>a. <math>\\$12 \times (10/60) = \\$2</math></p> <p>b. <math>\\$12 \times (20/60) = \\$4</math></p> <p>c. <math>\\$12 \times (30/60) = \\$6</math>.</p> |

**Line Item 17 LESS: Deductions applied to common equity tier 1 capital due to insufficient amounts of additional tier 1 capital and tier 2 capital to cover deductions.**

Report the total amount of deductions related to investments in own additional tier 1 and tier 2 capital instruments, reciprocal cross holdings, non-significant investments in the capital of unconsolidated financial institutions, and non-common stock significant investments in the capital of unconsolidated financial institutions if the holding company does not have a sufficient amount of additional tier 1 capital before deductions (reported in item 23) and tier 2 capital before deductions (reported in item 32.a) to absorb these deductions in Schedule HC-R, items 24 or 33, as appropriate. Similarly, holding companies should report the total amount of any deductions to be made during the transition period pursuant to section 300(b) of the revised regulatory capital rules if the reporting institution does not have a sufficient

amount of additional tier 1 capital before deductions or tier 2 capital before deductions to absorb these deductions.

**Line Item 18 Total adjustments and deductions for common equity tier 1 capital.**

Report the sum of Schedule HC-R, items 13 through 17.

**Line Item 19 Common equity tier 1 capital.**

Report Schedule HC-R, item 12 less item 18. The amount reported in this item is the numerator of the holding company's common equity tier 1 risk-based capital ratio.

**Additional tier 1 capital**

**Line Item 20 Additional tier 1 capital instruments plus related surplus.**

Report the portion of noncumulative perpetual preferred stock and related surplus included in Schedule HC, item

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## Schedule HC-R

23, and any other capital instrument and related surplus that satisfy all the additional tier 1 criteria in section 20(c) of the revised regulatory capital rules of the Federal Reserve.

Include instruments that were (i) issued under the Small Business Jobs Act of 2010, or, prior to October 4, 2010, under the Emergency Economic Stabilization Act of 2008 and (ii) were included in the tier 1 capital under the Federal Reserve's general risk-based capital rules (12 CFR part 225, appendix A, and, if applicable, appendix E) (for example, tier 1 instruments issued under the TARP program that are grandfathered permanently). Also include additional tier 1 capital instruments issued as part of an ESOP, provided that the repurchase of such instruments is required solely by virtue of ERISA for a banking organization that is not publicly-traded.

**a. Depository institution holding companies with total consolidated assets of less than \$15 billion as of December 31, 2009 and holding companies that were mutual holding companies as of May 19, 2010 (2010 MHCs) only:**

Depository institution holding companies with total consolidated assets of less than \$15 billion as of December 31, 2009 and holding companies that were mutual holding companies prior to May 19, 2010, (2010 MHCs) may include non-qualifying capital instruments (e.g., TruPS and cumulative perpetual preferred stock) issued prior to May 19, 2010, in additional tier 1 or tier 2 capital if the instrument will be included in tier 1 or tier 2 capital, respectively, as of January 1, 2014. Such non-qualifying capital instruments includable in tier 1 capital are subject to a limit of 25 percent of tier 1 capital elements, excluding any non-qualifying capital instruments and after all regulatory capital deductions and adjustments have been applied to tier 1 capital.

**Line Item 21 Non-qualifying capital instruments subject to phase out from additional tier 1 capital.**

Starting on January 1, 2014, for the case of advanced approaches holding companies and on January 1, 2015, for non-advanced holding companies, report the total amount of non-qualifying capital instruments that were included in tier 1 capital and outstanding as of January 1, 2014, as follows:

**a. Depository institution holding companies<sup>8</sup> with total consolidated assets of less than \$15 billion as of December 31, 2009 and 2010 MHCs:**

This line item is generally not applicable to non-qualifying capital instruments issued by depository institution holding companies with total consolidated assets of less than \$15 billion and 2010 MHCs prior to May 19, 2010, because these institutions may include non-qualifying regulatory capital instruments in additional tier 1 capital as described in Schedule HC-R, item 20.

Non-qualifying capital instruments that are not included in additional tier 1 capital as a result of the 25 percent limit, described in section 300(c)(3)(ii) of the revised regulatory capital rules, may be included in tier 2 capital in item 27.

**b. Depository institution holding companies with total consolidated assets of \$15 billion or more as of December 31, 2009 that are not 2010 MHCs:**

Depository institution holding companies with total consolidated assets of \$15 billion or more as of December 31, 2009, that are not 2010 MHCs must phase out non-qualifying capital instruments (that is, debt or equity instruments that do not meet the criteria for additional tier 1 or tier 2 capital instruments in section 20 of the revised regulatory capital rules, but that were issued and included in tier 1 or tier 2 capital, respectively, prior to May 19, 2010) as set forth in Table 7, starting on January 1, 2014, for an advanced approaches holding company that is not an SLHC and starting January 1, 2015, for a non-advanced approaches holding company.

If non-advanced approaches holding companies have non-qualifying capital instruments that are excluded from tier 1 capital, such non-qualifying capital instruments can be included in tier 2 capital, without limitation, provided the instruments meet the criteria for tier 2 capital set forth in section 20(d) of the revised regulatory capital rules.

For the case of advanced approaches holding companies, non-qualifying capital instruments that are phased out of tier 1 capital under Table 7 are fully includable in tier 2

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<sup>8</sup> Depository institution holding company means a bank holding company or savings and loan holding company.

# Schedule HC-R

capital until December 31, 2015. From January 1, 2016, until December 31, 2021, these holding companies are required to phase out such non-qualifying capital instruments from tier 2 capital in accordance with the percentage in Table 8, in line item 28.

### ***Transition provisions for non-qualifying capital instruments includable in additional tier 1 or tier 2 capital:***

Table 7 applies separately to additional tier 1 and tier 2 non-qualifying capital instruments. For example, an

advanced approaches holding company may include up to 50 percent of non-qualifying capital instruments in additional tier 1 capital during calendar year 2014 but it cannot include any such instruments in additional tier 1 capital starting in calendar year 2016.

If the institution is involved in a merger or acquisition, it should treat its non-qualifying capital instruments following the requirements in section 300 of the Federal Reserve's revised regulatory capital rules.

**Table 7—Percentage of non-qualifying capital instruments includable in additional tier 1 or tier 2 capital during the transition period**

| Transition period                 | Percentage of non-qualifying capital instruments includable in additional tier 1 or tier 2 capital for a depository institution holding company of \$15 billion or more |
|-----------------------------------|---|
| Calendar year 2014                | 50  |
| Calendar year 2015                | 25  |
| Calendar year 2016 and thereafter | 0   |

### **Line Item 22 Tier 1 minority interest not included in common equity tier 1 capital.**

Report the amount of tier 1 minority interest not included in common equity tier 1 capital that is includable at the consolidated level, as described below.

For each consolidated subsidiary, perform the calculations in steps (1) through (10) of the worksheet below. Sum up the results from step 10 for each consolidated subsidiary and report the aggregate number in this item 22 .

For tier 1 minority interest, there is no requirement that the subsidiary be a depository institution or a foreign bank. However, the instrument that gives rise to tier 1 minority interest must meet all the criteria for either common equity tier 1 capital or additional tier 1 capital instrument.

**Example and a worksheet calculation:** calculate tier 1 minority interest not included in common equity tier 1 capital includable at the holding company level as follows:

#### *Assumptions:*

- This is a continuation of the example used for common equity tier 1 minority interest from Schedule HC-R, item 4.
- For this example, assume that risk-weighted assets of the subsidiary are the same as the risk-weighted assets of the holding company that relate to the subsidiary \$1,000 in each case.
- Subsidiary's tier 1 capital: \$110, which is composed of subsidiary's common equity tier 1 capital of \$80 and additional tier 1 capital of \$30.
- Subsidiary's common equity tier 1 owned by minority shareholders: \$24.

## Schedule HC-R

- Subsidiary’s additional tier 1 capital owned by minority shareholders: \$15.
- Other relevant numbers are taken from the example in Schedule HC-R, item 4.

*Note:* As indicated, this example built onto the example under the instructions for item 4, where the subsidiary was a depository institution, and where its common equity tier 1 minority interest was includable in common

equity tier 1 capital. However, if this were a subsidiary other than a depository institution, none of its minority interest arising from common equity tier 1 would have been includable in common equity tier 1 capital. If the subsidiary in the example were not a depository institution, the full calculated amount of minority interest (\$30.14) would be includable in additional tier 1 capital of the reporting holding company since none of it would have been includable in common equity tier 1 capital.

|      |  |  |
|------|--|--|
| (1)  | Determine the risk-weighted assets of the subsidiary.  | \$1,000  |
| (2)  | Using the standardized approach, determine the risk-weighted assets of the reporting institution that relate to the subsidiary. Note that the amount in this step (2) may differ from the amount in step (1) due to intercompany transactions and eliminations in consolidation. | \$1,000  |
| (3)  | Multiply the lower of (1) or (2) by 8.5%. <sup>9</sup>   | $\$1,000 \times 8.5$<br>$= \$85$                         |
| (4)  | Determine the dollar amount of tier 1 capital for the subsidiary. If this amount is less than step (3), enter the sum of common equity tier 1 and additional tier 1 minority interest (\$39 in this example) in step (9). Otherwise continue on to step (5).                     | \$110  |
| (5)  | Subtract the amount in step (3) from the amount in step (4). This is the “surplus tier 1 capital of the subsidiary.”   | $\$110 - \$85 = \$25$                                    |
| (6)  | Determine the percent of the subsidiary’s qualifying tier 1 capital instruments that are owned by third parties (the minority shareholders).   | $\$24 + 15 = \$39$ .<br>Then $\$39/\$110 = 35.45$        |
| (7)  | Multiply the percentage from step (6) by the dollar amount in step (5). This is the “surplus tier 1 minority interest of the subsidiary.”  | $35.45$<br>$\times \$25 = \$8.86$                        |
| (8)  | Determine the total amount of tier 1 minority interest of the subsidiary. Then subtract the surplus tier 1 minority interest of the subsidiary (step 7) from this amount.  | $\$24 + \$15 = \$39$ .<br>Then $\$39 - \$8.86 = \$30.14$ |
| (9)  | The “tier 1 minority interest includable at the holding company level” is the amount from step (8) (or from step (4) when there is no surplus tier 1 minority interest of the subsidiary).   | \$30.14  |
| (10) | Subtract any minority interest that is included in common equity tier 1 capital (from Schedule HC-R, item 4). The result is the minority interest included in additional tier 1 capital.   | $\$30.14 - \$21$<br>(from example in item 4) = \$9.14.   |

9. The percentage multiplier in step (3) is the capital ratio necessary for the subsidiary to avoid restrictions on distributions and discretionary bonus payments. Advanced approaches holding companies must adjust this percentage to account for all applicable buffers.



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# Schedule HC-R

**Transition provisions:** If a holding company has non-qualifying minority interest and/or surplus minority interest, it will report the amount includable in additional tier 1 capital in this item 22. For surplus minority interest and non-qualifying minority interest that can be included in additional tier 1 capital during the transition period, follow the transition provisions in Schedule HC-R, item 4 after

taking into consideration (that is, excluding) any amount of surplus common equity tier 1 minority interest (see step 7 of the worksheet in item 4). In the example (and assuming no outstanding amounts of non-qualifying minority interest), the institution has \$5.86 of surplus tier 1 minority interest available to be included during the transition period in additional tier 1 capital (\$8.86 (from step 7 of the worksheet in item 22) of surplus tier 1 minority interest minus \$3.00 (from step 7 of the worksheet in item 4) of common equity tier 1 minority interest). In 2015, the institution would include an additional \$3.52 in item 22 (60% of \$5.86). Starting in 2018, if the holding company is an advanced approaches holding company, it would not include any surplus minority interest in regulatory capital. Starting in 2018, a non-advanced approaches holding company would include the amount of surplus minority interest included in 2017 (20% of \$5.86 or \$1.17) in regulatory capital.

## **Line Item 23 Additional tier 1 capital before deductions.**

Report the sum of Schedule HC-R, Part, I, items 20, 21, and 22.

## **Line Item 24 LESS: Additional tier 1 capital deductions.**

Report additional tier 1 capital deductions as the sum of the following elements:

Note that a holding company should report additional tier 1 capital deductions in item 24 irrespective of the amount of additional tier 1 capital before deductions reported in item 23. If a holding company does not have a sufficient amount of additional tier 1 capital before deductions in item 23 to absorb these deductions, then the holding company must deduct the shortfall from common equity tier 1 capital in (Schedule HC-R, item 17). For example, if a holding company reports \$0 of “Additional tier 1 capital before deductions in item 23 and has \$100 of additional tier 1 capital deductions, the holding company

would report \$100 in item 24, and add \$100 to the amount to be reported in item 17 and report \$0 in item 25, “Additional tier 1 capital.”

## **(1) Investments in own additional tier 1 capital instruments:**

Report the holding company’s investments in (including any contractual obligation to purchase) its own additional tier 1 capital instruments, whether held directly or indirectly.

A holding company may deduct gross long positions net of short positions in the same underlying instrument only if the short positions involve no counterparty risk.

The holding company must look through any holdings of index securities to deduct investments in its own capital instruments. In addition:

- (i) Gross long positions in investments in a holding company’s own regulatory capital instruments resulting from holdings of index securities may be netted against short positions in the same index;
- (ii) Short positions in index securities that are hedging long cash or synthetic positions can be decomposed to recognize the hedge; and
- (iii) The portion of the index that is composed of the same underlying exposure that is being hedged may be used to offset the long position if both the exposure being hedged and the short position in the index are covered positions under the market risk capital rule, and the hedge is deemed effective by the holding company’s internal control processes.

**Transition provisions:** Apply the appropriate percentage for deductions related to investments in capital instruments in Table 5 in the instructions of Schedule HC-R, Part I, item 11.

## **(2) Reciprocal cross-holdings in the capital of financial institutions.**

Include investments in the additional tier 1 capital instruments of other financial institutions that the holding company holds reciprocally, where such reciprocal cross-holdings result from a formal or informal arrangement to swap, exchange, or otherwise intend to hold each other’s capital instruments. If the holding company does not have a sufficient amount of a specific component of capital to effect the required deduction, the shortfall must

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## Schedule HC-R

be deducted from the next higher (that is, more subordinated) component of regulatory capital.

For example, if a holding company is required to deduct a certain amount from additional tier 1 capital and it does not have additional tier 1 capital, then the deduction should be from common equity tier 1 capital in Schedule HC-R, Part I, item 17.

**Transition provisions:** Apply the appropriate percentage for deductions related to investments in capital instruments in Table 5 in the instructions of Schedule HC-R, Part I, item 11.

### **(3) Non-significant investments in additional tier 1 capital of unconsolidated financial institutions that exceed the 10 percent threshold for non-significant investments.**

As noted in the instructions for HC-R, item 11 above, a holding company has a non-significant investment in the capital of an unconsolidated financial institution if it owns 10 percent or less of the issued and outstanding common shares of that institution.

Calculate this amount as follows:

- (1) Determine the aggregate amount of non-significant investments in the capital of unconsolidated financial institutions in the form of common stock, additional tier 1 capital, and tier 2 capital.
- (2) Determine the amount of non-significant investments in the capital of unconsolidated financial institutions in the form of additional tier 1 capital.
- (3) If the amount in (1) is greater than the 10 percent threshold for non-significant investments (Schedules HC-R, item 11, step (4)), then multiply the difference by the ratio of (2) over (1). Report this product in this item 24.
- (4) If the amount in (1) is less than the 10 percent threshold for non-significant investments, report zero.

For example, assume a holding company has a total of \$200 in non-significant investments (step 1), including \$60 in the form of additional tier 1 capital (step 2), and its 10 percent threshold for non-significant investments is \$100 (as calculated in step 4 of item 11). Since the aggregate amount of non-significant investments exceeds the 10 percent threshold for non-significant investments by \$100 (\$200-\$100), the holding company must multiply \$100 by the ratio of 60/200 (step 3). Thus, the

holding company would need to deduct \$30 from its additional tier 1 capital.

**Transition provisions:** Follow the transition provisions in Schedule HC-R, item 11. (That is, for advanced approaches holding companies, use Table 5 in the instructions for Schedule HC-R, Part I, item 11; for non-advanced approaches holding companies, apply 80 percent of the deduction and assign the applicable risk weight to the portion of the investments not deducted).

### **(4) Significant investments in the capital of unconsolidated financial institutions not in the form of common stock to be deducted from additional tier 1 capital.**

Report the total amount of significant investments in the capital of unconsolidated financial institutions in the form of additional tier 1 capital.

**Transition provisions:** Follow the transition provisions in Schedule HC-R, item 11. (That is, for advanced approaches holding companies, use Table 5 in the instructions for Schedule HC-R, Part I, item 11; for non-advanced approaches holding companies, apply 80 percent of the deduction and assign the applicable risk weight to the portion of the investments not deducted).

### **(5) Other adjustments and deductions.**

Include adjustments and deductions applied to additional tier 1 capital due to insufficient tier 2 capital to cover deductions (related to reciprocal cross holdings, non-significant investments in the tier 2 capital of unconsolidated financial institutions, and significant investments in the tier 2 capital of unconsolidated financial institutions).

Also include adjustments and deductions related to DTAs that arise from net operating loss and tax credit carryforwards, gain-on-sale in connection with a securitization exposure, defined benefit pension fund assets, changes in fair value of liabilities due to changes in own credit risk, and expected credit losses during the transition period described in Table 4 in the Instructions for Schedule HC-R, item 8.

### **Line Item 25 Additional tier 1 capital.**

Report the greater of Schedule HC-R, item 23 minus item 24, or zero.

## **Tier 1 capital**

### **Line Item 26 Tier 1 capital.**

Report the sum of Schedule HC-R, items 19 and 25.

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# Schedule HC-R

## Tier 2 capital

### **Line Item 27 Tier 2 capital instruments plus related surplus.**

Starting on January 1, 2014, for the case of advanced approaches holding companies and on January 1, 2015, for non-advanced holding companies, report tier 2 capital instruments (that satisfy all eligibility criteria under the revised regulatory capital rules of the Federal Reserve) and related surplus.

Include instruments that were (i) issued under the Small Business Jobs Act of 2010, or, prior to October 4, 2010, under the Emergency Economic Stabilization Act of 2008 and (ii) were included in the tier 2 capital non-qualifying capital instruments (e.g., TruPS and cumulative perpetual preferred) under the Federal Reserve's general risk-based capital rules.

In addition, a depository institution holding company that is not an advanced approaches holding company may include in tier 2 capital non-qualifying capital instruments (e.g., TruPS and cumulative perpetual preferred) that have been phased-out of tier 1 capital in accordance with Table 7 in Schedule HC-R, item 21.

Depository institution holding companies with total consolidated assets of less than \$15 billion as of December 31, 2009 and 2010 MHCs may include in this item non-qualifying capital instruments (that are not included in additional tier 1 capital as a result of the 25 percent limit, described in item 20 and section 300(c)(3)(ii) of the revised regulatory capital rules.)

### **Line Item 28 Non-qualifying capital instruments subject to phase out from tier 2 capital.**

Starting on January 1, 2014, for the case of advanced approaches holding companies and on January 1, 2015, for non-advanced holding companies, report the total amount of non-qualifying capital instruments that were included in tier 2 capital and outstanding as of January 1, 2014, and that are subject to phase out.

Holding companies may include in regulatory capital debt or equity instruments issued prior to September 12, 2010, that do not meet the criteria for additional tier 1 or tier 2 capital instruments in section 20 of the revised regulatory capital rules but that were included in tier 1 or

tier 2 capital respectively as of September 12, 2010 (non-qualifying capital instruments issued prior to September 12, 2010) up to the percentage of the outstanding principal amount of such non-qualifying capital instruments as of January 1, 2014, in accordance with Table 7 in Schedule HC-R, item 21.

### **a. Depository institution holding companies with total consolidated assets of less than \$15 billion as of December 31, 2009 and 2010 MHCs:**

This item is generally not applicable to depository institution holding companies with total consolidated assets of less than \$15 billion and 2010 MHCs that issued and included non-qualifying capital instruments prior to May 19, 2010, because these institutions may include such instruments in additional tier 1 and tier 2 capital as described in Schedule HC-R, item 20 and 27, respectively.

### **b. Depository institution holding companies with total consolidated assets of \$15 billion or more as of December 31, 2009 that are not 2010 MHCs:**

Depository institution holding companies with total consolidated assets of \$15 billion or more as of December 31, 2009, that are not 2010 MHCs must phase out non-qualifying capital instruments from tier 2 capital as set forth in Table 7, in Schedule HC-R, item 21, starting January 1, 2014, if it is an advanced approaches holding company that is not an SLHC and starting January 1, 2015, if it is a non-advanced approaches holding company.

A depository institution holding company of \$15 billion or more that is not an advanced approaches holding company may include in tier 2 capital non-qualifying capital instruments that have been phased-out of tier 1 capital in accordance with Table 7.

For the case of advanced approaches holding companies, non-qualifying capital instruments that are phased out of tier 1 capital under Table 7 are fully includable in tier 2 capital until December 31, 2015. From January 1, 2016, until December 31, 2021, these holding companies are required to phase out such non-qualifying capital instruments from tier 2 capital in accordance with the percentage in Table 8.

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## Schedule HC-R

**Table 8—Percentage of non-qualifying capital instruments includable in additional tier 1 or tier 2 capital for a depository institution holding company of \$15 billion or more**

| Transition period                 | Percentage of non-qualifying capital instruments includable in additional tier 1 or tier 2 capital |
|-----------------------------------|--|
| Calendar year 2014                | 80   |
| Calendar year 2015                | 70   |
| Calendar year 2016                | 60   |
| Calendar year 2017                | 50   |
| Calendar year 2018                | 40   |
| Calendar year 2019                | 30   |
| Calendar year 2020                | 20   |
| Calendar year 2021                | 10   |
| Calendar year 2022 and thereafter | 0  |

**Line Item 29 Total capital minority interest that is not included in tier 1 capital.**

Starting on January 1, 2014, for the case of advanced approaches holding companies and on January 1, 2015, for non-advanced holding companies, report the amount of total capital minority interest not included in tier 1 capital, as described below. For each consolidated subsidiary, perform the calculations in steps (1) through (10) below. Sum up the results for each consolidated subsidiary and report the aggregate number in this item 29.

**Example and a worksheet calculation:** calculate total capital minority interest that is not included in tier 1 capital includable at the holding company level as follows:

*Assumptions:*

- This is a continuation of the example used in the instructions for Schedule HC-R, items 4 and 22.
- For this example, assume that risk-weighted assets of the subsidiary are the same as the risk-weighted assets of the holding company that relate to the subsidiary \$1,000 in each case.
- Subsidiary's total capital: \$130, which is composed of subsidiary's common equity tier 1 capital of \$80, and additional tier 1 capital of \$30, and tier 2 capital of \$20.
- Subsidiary's common equity tier 1 capital owned by minority shareholders: \$24.
- Subsidiary's additional tier 1 capital owned by minority shareholders: \$15.
- Other relevant numbers are taken from the examples in Schedule HC-R, items 4 and 22.

## Schedule HC-R

|      |  |  |
|------|--|--|
| (1)  | Determine the risk-weighted assets of the subsidiary.  | \$1,000  |
| (2)  | Using the standardized approach, determine the risk-weighted assets of the reporting institution that relate to the subsidiary. Note that the amount in this step (2) may differ from the amount in step (1) due to intercompany transactions and eliminations in consolidation. | \$1,000  |
| (3)  | Determine the lower of (1) or (2), and multiply that amount by 10.5%. <sup>10</sup>  | $\$1,000 \times 10.5\%$<br>= \$105   |
| (4)  | Determine the dollar amount of total capital for the subsidiary. If this amount is less than step (3), enter the sum of common equity tier 1, additional tier 1, and total capital minority interest (\$54 in this example) in step (9). Otherwise continue on to step (5).      | \$130  |
| (5)  | Subtract the amount in step (3) from the amount in step (4). This is the “surplus total capital of the subsidiary.”  | $\$130 - \$105$<br>= \$25  |
| (6)  | Determine the percent of the subsidiary’s total capital instruments that are owned by third parties (the minority shareholders).   | $\$24 + \$15 + \$15$<br>= \$54. Then,<br>$\$54/\$130 =$<br>41.54%                |
| (7)  | Multiply the percentage from step (6) by the dollar amount in step (5). This is the “surplus total capital minority interest of the subsidiary”  | $41.54\% \times \$25 =$<br>\$10.39   |
| (8)  | Determine the total amount of total capital minority interest of the subsidiary. Then subtract the surplus total capital minority interest of the subsidiary (step 7) from this amount.  | $\$24 + \$15 + \$15$<br>= \$54. Then $\$54 -$<br>$\$10.39 = \$43.62$ .           |
| (9)  | The “total capital minority interest includable at holding company level” is the amount from step (8) or step (4) where there is no surplus total capital minority interest of the subsidiary.   | \$43.62 (report the lesser of \$43.62 or \$54; therefore \$43.62).               |
| (10) | Subtract from (9) any minority interest that is included in common equity tier 1 and additional tier 1 capital. The result is the total capital minority interest not included in tier 1 capital includable in total capital.  | $\$43.62 - (\$21 +$<br>$\$9.14)$ (from examples in items 4 and 22) =<br>\$13.48. |

10. The percentage multiplier in step (3) is the capital ratio necessary for a subsidiary depository institution to avoid restrictions on distributions and discretionary bonus payments. Advanced approaches holding companies must adjust this amount for all applicable buffers.



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## Schedule HC-R

**Transition provisions:** For surplus minority interest and non-qualifying minority interest that can be included in tier 2 capital during the transition period, follow the transition provisions in Schedule HC-R, item 4 after taking into consideration (that is, excluding) any amount of surplus tier 1 minority interest (From step 7 of the worksheet in item 22). In the example (and assuming no outstanding amounts of non-qualifying minority interest), the institution has \$1.53 of surplus total capital minority interest available to be included during the transition period in tier 2 capital (\$10.39 (From step 7 of the worksheet in item 29) of surplus total capital minority interest minus \$8.86 (From step 7 of the worksheet in item 22) of tier 1 minority interest). In 2015, the institution would include an additional \$.92 in item 29 (60% of \$1.53) and starting in 2018 the institution would not include any surplus minority interest in regulatory capital, if it is an advanced approaches holding company. If it is a non-advanced approaches holding company, starting in 2018 the holding company would include the same amount of surplus minority interest in its regulatory capital as it included in 2017 (20% of \$1.53 or \$0.31). NOTE: If the amount of surplus total capital minority interest (from step 7 of the worksheet in item 29) is less than the amount of surplus tier 1 minority interest (from step 7 of the worksheet in item 22), the amount of surplus total capital minority interest available to be included during the transition period in tier 2 capital is zero.

### **Line Item 30(a) Allowance for loan and lease losses includable in tier 2 capital.**

Report the portion of the holding company's allowance for loan and lease losses (ALLL) or adjusted allowances for credit losses (AACL) as applicable for regulatory capital purposes that is includable in tier 2 capital. None of the holding company's allocated transfer risk reserve, if any, is includable in tier 2 capital.

For a holding company that has *not* adopted FASB Accounting Standards Update No. 2016-13 (ASU 2016-13), which governs the accounting for credit losses and introduces the current expected credit losses methodology (CECL), the holding company's ALLL for regulatory capital purposes equals Schedule HC, item 4(c), "Allowance for loan and lease losses," less any allocated transfer risk reserve included in Schedule HC, item 4(c), plus Schedule HC-G, item 3, "Allowance for credit losses on off-balance sheet credit exposures."

For holding that has adopted ASU 2016-13, the holding company's AACL for regulatory capital purposes equals Schedule HI-B, Part II, item 7, columns A and B, "Balance end of current period" for loans and leases held for investment and held-to-maturity debt securities, respectively; plus Schedule HI-B, Part II, Memorandum item 6, "Allowance for credit losses on other financial assets measured at amortized cost"; less Schedule HC-R, Part II, sum of Memorandum items 5(a), 5(b) and 5(c) "Amount of allowances for credit losses on purchased credit-deteriorated assets" for loans and leases held for investment, held-to-maturity debt securities, and other financial assets measured at amortized cost, respectively; less any allocated transfer risk reserve included in Schedule HI-B, Part II, item 7, columns A and B, and Memorandum item 6; plus Schedule HC-G, item 3, "Allowance for credit losses on off-balance sheet credit exposures."

A holding company that has adopted ASU 2016-13 and has elected to apply the CECL transition provision (electing institution) should decrease its applicable AACL transitional amount, in accordance with section 301 of the regulatory capital rules. Specifically, an electing holding company reduces AACL includable in tier 2 capital by seventy-five percent of its AACL transitional amount during the first year of the transition period, fifty percent of its AACL transitional amount during the second year of the transition period, and twenty-five percent of its AACL transitional amount during the third year of the transition period (see Table X of Schedule R, item 2).

The amount to be reported in this item is the lesser of (1) the holding company's ALLL or AACL, as applicable for regulatory capital purposes, as defined above, or (2) 1.25 percent of the institution's risk-weighted assets base for the ALLL or AACL calculation as reported in Schedule HC-R, Part II, item 26. In calculating the risk-weighted assets base for this purpose, an institution would not include items that are deducted from capital under section 22(a). However, an institution would include risk-weighted asset amounts of items deducted from capital under sections 22(c) through (f) of the revised regulatory capital rule, in accordance with the applicable transition provisions. While amounts deducted from capital under section 22(c) through (f) are included in the risk-weighted asset base for the ALLL or AACL calculation, as applicable, such amounts are excluded from standardized total risk-weighted assets used in the denominator of the risk-based capital ratios.

## Schedule HC-R

The amount, if any, by which a holding company's ALLL or AACL as applicable for regulatory capital purposes exceeds 1.25 percent of the holding company's risk-weighted assets base for the ALLL or AACL calculation (as reported in Schedule HC-R, Part II, item 26) should be reported in Schedule HC-R, Part II, item 29, "LESS: Excess allowance for loan and lease losses."

For a holding company that has *not* adopted ASU 2016-13, the sum of the amount of ALLL reported in Schedule HC-R, Part I, item 30(a), plus Schedule HC-R, Part II, item 29, must equal Schedule HC, item 4(c), less Schedule HI-B, Part II, Memorandum item 1, plus Schedule HC-G, item 3.

**Line Item 30(b)—Advanced approaches holding companies that exit parallel run only: eligible credit reserves includable in tier 2 capital.**

Report the amount of eligible credit reserves includable in tier 2 capital as reported in FFIEC 101 Schedule A, item 50.

NOTE: Schedule HC-R, Part I, item 31 is to be completed only by holding companies that have not adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule HC, item 2(c)). Holding companies that have adopted ASU 2016-01 should leave Schedule HC-R, Part I, item 31 blank.

**Table 9—Percentage of unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures that may be included in tier 2 capital**

| Transition period                 | Percentage of unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures that may be included in tier 2 capital |
|-----------------------------------|---|
| Calendar year 2014                | 36  |
| Calendar year 2015                | 27  |
| Calendar year 2016                | 18  |
| Calendar year 2017                | 9   |
| Calendar year 2018 and thereafter | 0   |

**Line Item 31 Unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures includable in Tier 2 capital.**

**(i) Holding companies that entered "1" for "Yes" in Schedule HC-R, item 3(a):**

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 preferred stock classified as an equity security under GAAP and available-for-sale equity exposures includable in tier 2 capital, subject to the limits specified in the revised regulatory capital rules. The amount reported in this item cannot exceed 45 percent of the holding company's pretax net unrealized gain on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures.

**(ii) Holding companies that entered "0" for "No" in Schedule HC-R, item 3(a):**

***Transition provisions for phasing out unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures:***

- (i) Determine the amount of unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures that an institution currently includes in tier 2 capital.

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## Schedule HC-R

- (ii) Multiply (i) by the percentage in Table 9 and include this amount in tier 2 capital. For example, during calendar year 2014, include up to 36 percent of unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures in tier 2 capital. During calendar years 2015, 2016, 2017, and 2018 (and thereafter), these percentages go down to 27, 18, 9 and zero, respectively.

### **Line Item 32(a) Tier 2 capital before deductions.**

Report the sum of Schedule HC-R, items 27 through 30(a), plus item 31.

### **Line Item 32(b)—Advanced approaches holding companies that exit parallel run only: tier 2 capital before deductions.**

Report the sum of Schedule HC-R, items 27 through 29, plus items 30(b) and 31.

### **Line Item 33 LESS: Tier 2 capital deductions.**

Report total tier 2 capital deductions as the sum of the following elements:

Note that holding company should report tier 2 capital deductions in item 33 irrespective of the amount of tier 2 capital before deductions reported in item 32(a). If holding company does not have a sufficient amount of tier 2 capital before deductions in item 32(a) to absorb these deductions, then the holding company must deduct the shortfall from additional tier 1 capital before deductions in Schedule HC-R, item 24, or, if there is not enough additional tier 1 capital before deductions, from common equity tier 1 capital in Schedule HC-R, item 17.

For example, if a Holding company reports \$98 of “tier 2 capital before deductions” in item 32(a) and must make \$110 in tier 2 capital deductions, the Holding company would report \$110 in item 33, and would include the additional \$12 in deductions in Schedule HC-R, item 24 (and in Schedule HC-R, item 17, in the case of insufficient “Additional tier 1 capital before deductions” in item 23 from which to make the deduction in Schedule HC-R, item 24), and report \$0 in item 34(a), “Tier 2 capital.”

In addition, advanced approaches holding companies with insufficient tier 2 capital for deductions will make the following adjustments: an advanced approaches hold-

ing company will make deductions on this schedule under the generally applicable rules that apply to all holding companies. It will use FFIEC 101, Schedule A, to calculate its capital requirements under the advanced approaches rule. Therefore, in the case of an advanced approaches holding company with insufficient tier 2 capital to make tier 2 deductions, it will use the corresponding deduction approach and the generally applicable rules to take excess tier 2 deductions from additional tier 1 capital in Schedule HC-R, item 24, and if necessary from common equity tier 1 capital in Schedule HC-R, item 17. It will use the advanced approaches rules to take deductions on the FFIEC 101 form.

For example, assume tier 2 capital is \$100 under the advanced approaches rule and \$98 under the generally applicable rules (due to the difference between the amount of eligible credit reserves includable in tier 2 capital under the advanced approaches, and ALLL or AACL, as applicable, includable in tier 2 capital under the standardized approach). If the required deduction from tier 2 capital is \$110, then the advanced approaches holding company would add \$10 to the required additional tier 1 capital deductions (on FFIEC 101, Schedule A, line 42, and FFIEC 101, Schedule A, line 27, if necessary), and would add \$12 to its required additional tier 1 capital deductions for the calculation of the standardized approach regulatory capital ratios in this schedule (Schedule HC-R, item 24, and Schedule HC-R, item 17, if necessary).

### **(1) Investments in own tier 2 capital instruments.**

Report the holding company’s investments in (including any contractual obligation to purchase) its own tier 2 instruments, whether held directly or indirectly.

A holding company may deduct gross long positions net of short positions in the same underlying instrument only if the short positions involve no counterparty risk.

The holding company must look through any holdings of index securities to deduct investments in its own capital instruments. In addition:

- (i) Gross long positions in investments in a holding company’s own regulatory capital instruments resulting from holdings of index securities may be netted against short positions in the same index;
- (ii) Short positions in index securities that are hedging long cash or synthetic positions can be decomposed to recognize the hedge; and

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## Schedule HC-R

- (iii) The portion of the index that is composed of the same underlying exposure that is being hedged may be used to offset the long position if both the exposure being hedged and the short position in the index are covered positions under the market risk capital rule, and the hedge is deemed effective by the holding company's internal control processes.

**Transition provisions:** Apply the appropriate percentage for deductions related to investments in capital instruments in Table 5 in the instructions for Schedule HC-R, Part I, item 11.

### **(2) Reciprocal cross-holdings in the capital of financial institutions.**

Include investments in the tier 2 capital instruments of other financial institutions that the holding company holds reciprocally, where such reciprocal crossholdings result from a formal or informal arrangement to swap, exchange, or otherwise intend to hold each other's capital instruments.

**Transition provisions:** Apply the appropriate percentage for deductions related to investments in capital instruments in Table 5 in the instructions for Schedule HC-R, Part I, item 11.

### **(3) Non-significant investments in tier 2 capital of unconsolidated financial institutions that exceed the 10 percent threshold for non-significant investments.**

Calculate this amount as follows (similar to Schedule HC-R, item 11):

- (1) Determine the aggregate amount of non-significant investments in the capital of unconsolidated financial institutions in the form of common stock, additional tier 1, and tier 2 capital.
- (2) Determine the amount of non-significant investments in the capital of unconsolidated financial institutions in the form of tier 2 capital.
- (3) If (1) is greater than the 10 percent threshold for non-significant investments (Schedule HC-R, item 11, step (4)), then, multiply the difference by the ratio of (2) over (1). Report this product in this line item.
- (4) If (1) is less than the 10 percent threshold for non-significant investments, enter zero.

For example, if a holding company has a total of \$200 in non-significant investments (step 1), including \$40 in the

form of tier 2 capital (step 2), and its 10 percent threshold for non-significant investments is \$100 (as calculated in Schedule HC-R, item 11, step 4). Since the aggregate amount of non-significant investments exceeds the 10 percent threshold for non-significant investments by \$100 (\$200-\$100), the holding company would multiply \$100 by the ratio of 40/200 (step 3). Thus, the holding company would need to deduct \$20 from its tier 2 capital.

**Transition provisions:** Follow the transition provisions in the instructions for Schedule HC-R, Part I, item 11 (that is, for advanced approaches holding companies, use Table 5 in the instructions for Schedule HC-R, Part I, item 11; for non-advanced approaches holding companies, apply 80 percent of the deduction and assign the applicable risk weight to the portion of the investments not deducted).

### **(4) Significant investments in the capital of unconsolidated financial institutions not in the form of common stock to be deducted from tier 2 capital.**

Report the total amount of significant investments in the capital of unconsolidated financial institutions in the form of tier 2 capital.

**Transition provisions:** Follow the transition provisions in Schedule HC-R, Part I, item 11 (that is, for advanced approaches institutions, use Table 5 in the instructions for Schedule HC-R, Part I, item 11; for non-advanced approaches institutions, apply 80 percent of the deduction and a 100 percent risk weight to the portion of items not deducted).

### **(5) Other adjustments and deductions.**

Include any other applicable adjustments and deductions applied to tier 2 capital in accordance with the revised regulatory capital rules.

#### **Line Item 34(a) Tier 2 capital.**

Report the greater of Schedule HC-R, item 32(a) less item 33, or zero.

#### **Line Item 34(b)—Advanced approaches holding companies that exit parallel run only: Tier 2 capital.**

Report the greater of Schedule HC-R, item 32(b) less item 33, or zero.



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# Schedule HC-R

## **Total capital**

### **Line Item 35(a) Total capital.**

Report the sum of Schedule HC-R, items 26 and 34(a).

### **Line Item 35(b)—Advanced approaches holding companies that exit parallel run only: Total capital.**

Report the sum of Schedule HC-R, items 26 and 34(b).

## **Total assets for the leverage ratio**

### **Line Item 36 Average total consolidated assets.**

All holding companies must report the amount of average total consolidated assets as reported in Schedule HC-K, item 5.

A holding company that has adopted FASB Accounting Standards Update No. 2016-13, which governs the accounting for credit losses and introduces the current expected credit losses methodology (CECL), and that has elected to apply the CECL transition provision (electing holding company) increases its average total consolidated assets by its applicable CECL transitional amount, in accordance with section 301(b)(4)(iv) of the regulatory capital rules. For example, an electing holding company increases its average total consolidated assets as reported on the FR Y-9C for purposes of the leverage ratio by seventy-five percent of its CECL transitional amount during the first year of the transition period, fifty percent of its CECL transitional amount during the second year of the transition period, and twenty-five percent of its CECL transitional amount during the third year of the transition period. (See Table X in the instructions for Schedule HC-R, Part 1, item 2.)

### **Line Item 37 LESS: Deductions from common equity tier 1 capital and additional tier 1 capital.**

Report the sum of the amounts deducted from common equity tier 1 capital and additional tier 1 capital in Schedule HC-R, items 6, 7, 8, 10(b), 11, 13 through 17, and item 24, except any adjustments to additional tier 1 capital related to changes in the fair value of liabilities that are reported in item 24 during the transition period.

Also exclude the amount reported in item 17 that is due to insufficient amounts of additional tier 1 capital, and which is included in the amount reported in item 24. (This is to avoid double counting.)

### **Line Item 38 LESS: Other deductions from (additions to) assets for leverage ratio purposes.**

Based on the revised regulatory capital rules, report the amount of any deductions from (additions to) total assets for leverage capital purposes that are not included in Schedule HC-R, item 37, as well as the items below, if applicable. If the amount is a net deduction, report it as a positive value in this item. If the amount is a net addition, report it as a negative value in this item.

#### ***Holding companies that make the AOCI opt-out election in Schedule HC-R, Part I, item 3(a)—Defined benefit postretirement plans:***

If the reporting holding company 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”), the holding company should adjust total assets for leverage ratio 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. The intent of the adjustment reported in this item (together with the amount reported in Schedule HC-R, Part I, item 9(d) 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 ratio 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 ratio purposes by reporting the amount as a negative 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 ratio purposes by reporting the amount as a positive number in this item.

#### ***Holding companies that do not make an AOCI opt-out***



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## Schedule HC-R

### *election and all advanced approaches holding companies available-for-sale securities:*

Available-for-sale debt securities and available-for-sale equity securities are reflected at amortized cost and at the lower of cost or fair value, respectively, when calculating average total consolidated assets for Schedule HC-K, item 5. Therefore, include in this item as deductions from (additions to) assets for leverage ratio purposes the amounts needed to adjust (i) the quarterly average for available-for-sale debt securities included in Schedule HC-K, item 5, from an average based on amortized cost to an average based on fair value, and (ii) the quarterly average for available-for-sale equity securities included in Schedule HC-K, item 5, from an average based on the lower of cost or fair value to an average based on fair value. If the deferred tax effects of any net unrealized gains (losses) on available-for-sale debt securities were excluded from the determination of average total consolidated assets for Schedule HC-K, item 5, also include in this item as a deduction from (addition to) assets for leverage ratio purposes the quarterly average amount necessary to reverse the effect of this exclusion on the quarterly average amount of net deferred tax assets included in Schedule HC-K, item 5.

### *Transition provisions for holding companies that do not make an AOCI opt-out election and all advanced approaches holding companies available-for-sale securities:*

Include in this item 38 the amount of deductions from (additions to) assets for leverage ratio purposes for available-for-sale debt and equity securities and deferred tax effects as determined above reduced by the appropriate percentage in Table 1 in Schedule HC-R, item 3(a). For example, in 2015, if the amount of these deductions (additions) is a \$10,000 deduction, include \$4,000 in this item 38 $[\$10,000 - (\$10,000 \times 60\%) = \$4,000]$ .

### **Line Item 39 Total assets for the leverage ratio.**

Report Schedule HC-R, item 36 less items 37 and 38.

## **Total risk-weighted assets**

### **Line Item 40 (a) Total risk-weighted assets.**

Report the amount of total risk-weighted assets using the standardized approach (as reported in Schedule HC-R, Part II, item 31).

### **Line Item 40(b)—Advanced approaches holding companies that exit parallel run only: Total risk-weighted assets using advanced approaches rules.**

Report the amount from FFIEC 101 Schedule A, item 60.

## **Risk-based capital ratios**

Holding companies that are not advanced approaches holding companies that have exited parallel run must report Schedule HC-R, items 41 through 44, Column A, only. Column B does not apply to these institutions.

Advanced approaches holding companies that exit parallel run only: must report Schedule HC-R, items 41 through 44, Columns A and B, as described below.

All advanced approaches holding companies must complete Schedule HC-R, item 45, as described below.

### **Line Item 41 Common equity tier 1 capital ratio.**

Report the institution's common equity tier 1 risk-based capital ratio as a percentage, rounded to four decimal places.

Column A: divide Schedule HC-R Part I, item 19 by item 40(a).

Advanced approaches holding companies that exit parallel run only: Column B: divide Schedule HC-R Part I, item 19 by item 40(b). The lower of the reported capital ratios in column A and Column B will apply for prompt corrective action purposes.

### **Line Item 42 Tier 1 capital ratio.**

Report the holding company's tier 1 risk-based capital ratio as a percentage, rounded to four decimal places.

Column A: divide Schedule HC-R Part I, item 26 by item 40(a).

Advanced approaches holding companies that exit parallel run only: Column B: divide Schedule HC-R Part I, item 26 by item 40(b). The lower of the reported capital ratios in column A and Column B will apply for prompt corrective action purposes.

### **Line Item 43 Total capital ratio.**

Report the holding company's total risk-based capital ratio as a percentage, rounded to four decimal places.

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# Schedule HC-R

Column A: divide Schedule HC-R Part I, item 35(a) by item 40(a).

Advanced approaches holding companies that exit parallel run only: Column B: divide Schedule HC-R Part I, item 35(b) by item 40(b). The lower of the reported capital ratios in column A and Column B will apply for prompt corrective action purposes.

## Leverage capital ratios

### Line Item 44 Tier 1 leverage ratio.

Report the holding company's tier 1 leverage ratio as a percentage, rounded to four decimal places.

Divide Schedule HC-R Part I, item 26 by item 39.

### Line Item 45 Advanced approaches holding companies only: Supplementary leverage ratio.

Advanced approaches holding companies must report the supplementary leverage ratio from FFIEC 101 Schedule A, Table 2, Item 2.22.

## Capital buffer

### Line Item 46 Institution-specific capital buffer necessary to avoid limitations on distributions and discretionary bonus payments.

**For all holding companies: transition provisions for the capital conservation buffer:** In order to avoid limitations on distributions, including dividend payments, and certain discretionary bonus payments to executive officers, a holding company must hold a capital conservation buffer above its minimum risk-based capital requirements.

The amount reported in Schedule HC-R, Part I, item 46(a) must be greater than the following phased-in capital conservation buffer in Table 10 (plus any other applicable capital buffers, if the holding company is an advanced approaches institution). Otherwise, the holding company will face limitations on distributions and certain discretionary bonus payments and will be required to complete Schedule HC-R Part I, items 47 and 48.

### Line Item 46(a) Capital conservation buffer.

Report the holding company's capital conservation buffer as a percentage, rounded to four decimal places. Except as described below, the capital conservation buffer is equal to the lowest of the following ratios:

### For all institutions, except advanced approaches institutions that exit parallel run:

- (1) Schedule HC-R, Part I, item 41, Column A, less 4.5000, which is the minimum common equity tier 1 capital ratio requirement under section 10 of the regulatory capital rules;
- (2) Schedule HC R, Part I, item 42, Column A, less 6.0000 percent, which is the minimum tier 1 capital ratio requirement under section 10 of the regulatory capital rule;
- (3) Schedule HC-R, Part I, item 43, Column A, less 8.0000 percent, which is the minimum total capital ratio requirement under section 10 of the regulatory capital rules.

However, if any of the three ratios calculated above is less than zero (i.e., is negative), the holding company's capital conservation buffer is zero.

### For advanced approaches holding companies that exit parallel run only:

- (1) The lower of Schedule HC-R, Part I, item 41, column A and column B, less 4.5000 percent, which is the minimum common equity tier 1 capital ratio requirement under section 10 of the regulatory capital rules;
- (2) The lower of Schedule HC-R, Part I, item 42, column A and column B, less 6.0000 percent, which is the minimum tier 1 capital ratio requirement under section 10 of the regulatory capital rules; and
- (3) The lower of Schedule HC-R, Part I, item 43, column A and column B, less 8.0000 percent, which is the minimum total capital ratio requirement under section 10 of the regulatory capital rules.

However, if any of the three ratios calculated above is less than zero (i.e., is negative), the holding company's capital conservation buffer is zero.

### Line Item 46(b)—Advanced approaches holding companies that exit parallel run only.

Report the total applicable capital buffer, as reported in FFIEC 101, Schedule A, item 64.

**NOTE: Starting on March 31, 2016, report date, holding companies must complete items 47 and 48 if the amount in item 46(a) is less than or equal to the**

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**Table 10—Transition provisions for capital conservation buffer**

| Transition Period                 | Applicable required capital conservation buffer percentage above which holding companies avoid limitations on distributions and certain discretionary bonus payments |
|-----------------------------------|--|
| Calendar year 2016                | 0.6250   |
| Calendar year 2017                | 1.2500   |
| Calendar year 2018                | 1.8750   |
| Calendar year 2019 and thereafter | 2.5000   |

Note: Advanced approaches institutions, including those that have not exited parallel run, will need to consult the regulation for the transition period if (i) the countercyclical buffer is in place or if the institution is subject to countercyclical buffers in other jurisdictions or (ii) the institution is subject to a capital surcharge for global systemically-important holding companies (GSIB) (such surcharge, a GSIB surcharge). Starting on the March 31, 2016, report date, any countercyclical buffer amount or GSIB surcharge applicable to an advanced approaches institution should be added to the amount applicable in Table 10, in order for that institution to determine if it will need to complete Schedule HC-R, Part I, items 47 and 48.

**applicable required minimum capital conservation buffer, described above in Table 10 of Schedule HC-R Part I, item 46 (plus any other applicable capital buffers, if the institution is an advanced approaches holding company).**

## **Line Item 47 Eligible retained income.**

Report the amount of eligible retained income as the net income attributable to the holding company for the four calendar quarters preceding the current calendar quarter, based on the holding company's most recent quarterly FRY-9 report. Report, as appropriate, net of any distributions and associated tax effects not already reflected in net income. (See the instructions for Schedule HC-R, Part I, item 48, for the definition of "distributions" from section 2 of the regulatory capital rules.)

For example, the amount of eligible retained income to be reported in this item 47 for the March 31, 2016, report date would be based on the net income attributable to the holding company for the four calendar quarters ending on December 31, 2015. This net income amount would equal the net income attributable to the holding company's most recently reported in Schedule HI, item 14, for December 31, 2015 (i.e., after adjustments for amended Reports of Income). This net income amount would next be reduced by any distributions and associ-

ated tax effects not already reflected in net income; the resulting amount would be the eligible retained income to be reported in this item 47. Thus, if the holding company had declared dividends on its common stock during each calendar quarter in 2015 and had no other distributions during 2015, the holding company would reduce its net income amount by the total amount of the dividends declared in 2015 and report the resulting amount as its eligible net income in this item 47.

As an additional example, the amount of eligible retained income to be reported in this item 47 for the June 30, 2016, report date would be based on the net income attributable to the holding company for the four calendar quarters ending on the preceding March 31, 2016. This net income amount would be calculated by:

- (1) Subtracting the net income attributable to the holding company most recently reported in Schedule HI, item 14, for March 31, 2015 (i.e., after adjustments for amended Reports of Income), from the net income attributable to the holding company's most recently reported in Schedule HI, item 14, for December 31, 2015 (i.e., after adjustments for amended Reports of Income), and
- (2) Adding the result from (1) above to the net income attributable to the holding company's most recently

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reported in Schedule HI, item 14, for March 31, 2016 (i.e., after adjustments for amended Reports of Income).

This net income amount would next be reduced by any distributions and associated tax effects not already reflected in net income (e.g., dividends declared on the institution's common stock between April 1, 2015, and March 31, 2016); the resulting amount would be the eligible retained income to be reported in this item 47.

### **Line Item 48 Distributions and discretionary bonus payments during the quarter.**

Report the amount of distributions and discretionary bonus payments during the calendar quarter ending on the report date.

As defined in section 2 of the regulatory capital rules, "distribution" means:

- (1) A reduction of tier 1 capital through the repurchase of a tier 1 capital instrument or by other means, except when a holding company, within the same quarter when the repurchase is announced, fully replaces a tier 1 capital instrument it has repurchased by issuing another capital instrument that meets the eligibility criteria for:
  - (i) A common equity tier 1 capital instrument if the instrument being repurchased was part of the holding company's common equity tier 1 capital, or
  - (ii) A common equity tier 1 or additional tier 1 capital instrument if the instrument being repurchased was part of the holding company's tier 1 capital;
- (2) A reduction of tier 2 capital through the repurchase, or redemption prior to maturity, of a tier 2 capital instrument or by other means, except when a holding company, within the same quarter when the repurchase or redemption is announced, fully replaces a tier 2 capital instrument it has repurchased by issuing another capital instrument that meets the eligibility criteria for a tier 1 or tier 2 capital instrument;
- (3) A dividend declaration or payment on any tier 1 capital instrument;
- (4) A dividend declaration or interest payment on any tier 2 capital instrument if the holding company has

full discretion to permanently or temporarily suspend such payments without triggering an event of default; or

- (5) Any similar transaction that the Federal Reserve determines to be in substance a distribution of capital.

As defined in section 2 of the regulatory capital rules, "discretionary bonus payment" means a payment made to an executive officer of an institution, where:

- (1) The holding company retains discretion as to whether to make, and the amount of, the payment until the payment is awarded to the executive officer;
- (2) The amount paid is determined by the holding company, without prior promise to, or agreement with, the executive officer; and
- (3) The executive officer has no contractual right, whether express or implied, to the bonus payment.

As defined in section 2 of the regulatory capital rules, "executive officer" means a person who holds the title or, without regard to title, salary, or compensation, performs the function of one or more of the following positions: president, chief executive officer, executive chairman, chief operating officer, chief financial officer, chief investment officer, chief legal officer, chief lending officer, chief risk officer, or head of a major business line, and other staff that the board of directors of the holding company deems to have equivalent responsibility.

## **Part II: Risk-Weighted Assets**

### **General Instructions for Part II**

The instructions for Schedule HC-R, Part II, items 1 through 22 provide general directions for the allocation of holding company balance sheet assets and credit equivalent amounts of derivatives and off-balance sheet items, and unsettled transactions to the risk weight categories in columns C through Q (and, for items 1 through 10 only, to the items adjusted from the totals reported in Schedule HC-R, Part II, column A in column B). In general, the aggregate amount allocated to each risk-weight category is then multiplied by the risk weight associated with that category. The resulting risk-weighted values from each of the risk categories are added together, and generally this sum is the Holding company total risk-weighted assets, which comprises the denominator of the risk-based capital ratios. These instructions should



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provide sufficient guidance for most holding companies for risk-weighting their balance sheet assets and credit equivalent amounts. However, these instructions do not address every type of exposure. Holding companies should review the Federal Reserve's regulatory capital rules for the complete description of the applicable capital requirements.

## Exposure Amount Subject to Risk Weighting

In general, holding companies need to risk weight the exposure amount. The exposure amount is defined in §.2 of the regulatory capital rules as follows:

- (1) For the on-balance sheet component of an exposure,<sup>11</sup> the holding company's carrying value of the exposure.
- (2) For a security<sup>12</sup> classified as AFS or HTM where the holding company has made the AOCI opt-out election in Schedule HC-R, Part I, item 3(a), the carrying value for the exposure (including net accrued but uncollected interest and fees)<sup>13</sup> less any net unrealized gains on the exposure plus any net unrealized loss on the exposure included in AOCI.
- (3) For AFS preferred stock classified as an equity security under GAAP where the holding company has made the AOCI opt-out election in Schedule HC-R, Part I, item 3(a), the carrying value less any net unrealized gains that are reflected in such carrying value, but are excluded from the holding company's regulatory capital components.

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11. Not including: (1) an available-for-sale (AFS) or held-to-maturity (HTM) security where the holding company has made the Accumulated Other Comprehensive Income (AOCI) opt-out election in Schedule HC-R, Part I, item 3(a), (2) an over-the-counter (OTC) derivative contract, (3) a repo-style transaction or an eligible margin loan for which the holding company determines the exposure amount under §.37 of the regulatory capital rules, (4) a cleared transaction, (5) a default fund contribution, or (6) a securitization exposure.

12. Not including: (1) a securitization exposure, (2) an equity exposure, or (3) preferred stock classified as an equity security under generally accepted accounting principles (GAAP).

13. Where the holding company has made the AOCI opt-out election, accrued but uncollected interest and fees reported in Schedule HC, item 11, "Other assets," associated with AFS or HTM debt securities that are not securitization exposures should be reported in Schedule HC-R, Part II, item 8, "All other assets."

- (4) For the off-balance sheet component of an exposure,<sup>14</sup> the notional amount of the off-balance sheet component multiplied by the appropriate Credit conversion factor in §.33 of the regulatory capital rules.
- (5) For an exposure that is an OTC derivative contract, the exposure amount determined under §.34 of the regulatory capital rules.
- (6) For an exposure that is a derivative contract that is a cleared transaction, the exposure amount determined under §.35 of the regulatory capital rules.
- (7) For an exposure that is an eligible margin loan or repo-style transaction (including a cleared transaction) for which the holding company calculates the exposure amount as provided in §.37, the exposure amount determined under §.37 of the regulatory capital rules.
- (8) For an exposure that is a securitization exposure, the exposure amount determined under §.42 of the regulatory capital rules.

As indicated in the definition in §.2 of the regulatory capital rules, carrying value means with respect to an asset, the value of the asset on the balance sheet of the holding company determined in accordance with GAAP.

## Amounts to Report in Column B

The amount to report in column B will vary depending upon the nature of the particular item.

For items 1 through 8 and 11 of Schedule HC-R, Part II, column B should include the amount of the reporting 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 (subject to the transition provisions of the regulatory capital rules, as applicable) such as goodwill; intangibles; gain on sale of securitization exposures; threshold deductions above the 10 percent individual or 15 percent combined limits for (1) deferred tax assets (DTAs) arising from temporary differences that could not be realized through net operating loss carrybacks, (2) mortgage servicing assets (MSAs),

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14. Not including: (1) an OTC derivative contract, (2) a repo-style transaction or an eligible margin loan for which the holding company calculates the exposure amount under §.37 of the regulatory capital rules, (3) a cleared transaction, (4) a default fund contribution, or (5) a securitization exposure.



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net of associated deferred tax liabilities (DTLs), and (3) significant investments in the capital of unconsolidated financial institutions in the form of common stock; and any other assets that must be deducted in accordance with the requirements of the Federal Reserve. 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, and certain on-balance sheet asset amounts associated with derivative contracts that are included in the calculation of the credit equivalent amounts of the derivative contracts. In addition, for items 1 through 8 and 11 of Schedule HC-R, Part II, column B should include any difference between the balance sheet amount of an on-balance sheet asset and its exposure amount as described above under “Exposure Amount Subject to Risk Weighting.”

*Note: For items 1 through 8 and 11 of Schedule HC-R, Part II, the sum of columns B through R must equal the balance sheet asset amount reported in column A.*

For items 9(a) through 9(d) of Schedule HC-R, Part II, the amount a reporting holding company should report in column B will depend upon the risk weighting approach it uses to risk weight its securitization exposures and whether the holding company’s has made the AOCI opt-out election in Schedule HC-R, Part I, item 3(a). For each of items 9(a) through 9(d), a mathematical relationship similar to the one described above will hold true, such that the sum of columns B through Q must equal the balance sheet asset amount reported in column A.

- If the holding company uses the 1,250 percent risk weight approach to risk weight an on-balance sheet securitization exposure, the holding company will report in column B the difference between the carrying value of the exposure and the exposure amount that is to be risk weighted. For example if a holding company has a securitization exposure that is an AFS debt security with a \$105 carrying value (i.e., fair value) including a \$5 unrealized gain (in other words, a \$100 amortized cost), the holding company would report the following:
  - o If the bank has not made (or cannot make) the AOCI opt-out election, the holding company would report zero in item 9(b), column B. The holding company would report the \$105 exposure amount to be risk weighted in item 9(b), column Q - 1250% risk weight.

- o If the holding company has made the AOCI opt-out election, the holding company would report any unrealized gain as a positive number in item 9(b), column B, and any unrealized loss as a negative number in item 9(b), column B. Therefore, in this example, the holding company would report \$5 in item 9(b), column B. Because the holding company reverses out the unrealized gain for regulatory capital purposes because it has made the AOCI opt-out election, it does not have to risk weight the gain. (Note: The holding company also would report the \$100 exposure amount to be risk weighted in item 9(b), column Q - 1250% risk weight.

- If the holding company uses the Simplified Supervisory Formula Approach (SSFA) or the Gross-Up Approach to risk weight an on-balance sheet securitization exposure, the holding company will report in column B the same amount that it reported in column A.

For item 10 of Schedule HC-R, Part II, the amount a reporting bank should report in column B also will depend upon the risk weighting approach it uses to risk weight its securitization exposures. If a bank uses the 1,250 percent risk weight approach to risk weight an off-balance sheet securitization exposure, the bank will report in column B any difference between the notional amount of the off-balance sheet securitization exposure that is reported in column A and its exposure amount. If the bank uses the SSFA or the Gross-Up Approach to risk weight an off-balance sheet securitization exposure, the bank will report in column B the same amount that it reported in column A. An example is presented in the instructions for Schedule HC-R, Part II, item 10. For item 10 of Schedule HC-R, Part II, the sum of columns B through Q must equal the amount of the off-balance sheet securitization exposures reported in column A.

For items 12 through 21 of Schedule HC-R, Part II, column B should include the credit equivalent amounts of the reporting holding company’s derivative contracts and off-balance sheet items that are covered by the regulatory capital rules. For the off-balance sheet items in items 12 through 19, the credit equivalent amount to be reported in column B is calculated by multiplying the face, notional, or other amount reported in column A by the appropriate CCF. The credit equivalent amounts in column B are to be allocated to the appropriate risk-weight categories in columns C through J (or to the

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securitization exposure collateral category in column R, if applicable). For items 12 through 21 of Schedule HC-R, Part II, the sum of columns C through J (plus column R, if applicable) must equal the credit equivalent amount reported in column B.

## Treatment of Collateral and Guarantees

### a. Collateralized Transactions

The rules for recognition of collateral are in §.37 and pertinent definitions in §.2 of the regulatory capital rules. The regulatory capital rules define qualifying financial collateral as cash on deposit, gold bullion, investment grade long- and short-term debt exposures (that are not resecuritization exposures), publicly traded equity securities and convertible bonds, and money market fund or other mutual fund shares with prices that are publicly quoted on a daily basis.

Holding companies may apply one of two approaches, as outlined in §.37, to recognize the risk-mitigating effects of qualifying financial collateral:

- (1) **Simple Approach:** can be used for any type of exposure. Under this approach, holding companies may apply a risk weight to the portion of an exposure that is secured by the fair value of the financial collateral based on the risk weight assigned to the collateral under §.32. However, under this approach, the risk weight assigned to the collateralized portion of the exposure may not be less than 20 percent, unless one of the following exceptions applies:
  - *Zero percent risk weight* - may be assigned to: an exposure to an over the counter derivative contract that is marked-to-market on a daily basis and subject to a daily margin requirement, to the extent that the contract is collateralized to cash on deposit; to the portion of an exposure collateralized by cash on deposit; to the portion of an exposure collateralized by an exposure to a sovereign that qualifies for the zero percent risk weight under §.32 and the holding company has discounted the fair value of the collateral by 20 percent.
  - *10 percent risk weight:* may be assigned to an exposure to an OTC derivative contract that is marked-to-market on a daily basis and subject to a daily margin requirement, to the extent that the contract is collateralized by an exposure to a sover-

eign that qualified for a zero percent risk weight under §.32.

- (2) **Collateral Haircut Approach:** can be used only for repo-style transactions, eligible margin loans, collateralized derivative transactions, and single-product netting sets of such transactions. Under this approach, holding companies would apply either standard supervisory haircuts or own internal estimates for haircuts to the value of the collateral. See §.37(c) of the regulatory capital rules for a description of the calculation of the exposure amount, standard supervisory market price volatility haircuts, and requirements for using own internal estimates for haircuts.

Holding companies may use any approach described in §.37 that is valid for a particular type of exposure or transaction; however, they must use the same approach for similar transactions or exposures.

If an exposure is partially secured, that is, the market value (or in cases of using the Collateral Haircut Approach, the adjusted market value) of the financial collateral is less than the face amount of an asset or off-balance sheet exposure, only the portion that is covered by the market value of the collateral is to be reported in the risk-weight category item appropriate to the type of collateral. The uncovered portion of the exposure continues to be assigned to the initial risk-weight category item appropriate to the exposure. The face amount of an exposure secured by multiple types of qualifying collateral is to be reported in the risk-weight category items appropriate to the collateral types, apportioned according to the market value of the types of collateral.

### *Exposures collateralized by deposits at the reporting institution*

The portion of any exposure collateralized by deposits at the reporting institution would be eligible for a zero percent risk weight. The remaining portion of the exposure that is not collateralized by deposits should be risk-weighted according to the regulatory capital rules.

### b. Guarantees and credit derivatives

The rules for recognition of guarantees and credit derivatives are in §.36 and pertinent definitions are in §.2 of the regulatory capital rules. A holding company may recognize the credit risk mitigation benefits of an eligible guarantee or eligible credit derivative by substituting the risk weight associated with the protection provider for

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## Schedule HC-R

the risk weight assigned to the exposure. Please refer to the definitions of eligible guarantee, eligible guarantor, and eligible credit derivative in §.2 of the regulatory capital rules. Note that in the definition of eligible guarantee, where the definition discusses contingent guarantees, only contingent guarantees of the U.S. government or its agencies are recognized.

The coverage amount provided by an eligible guarantee or eligible credit derivative will need to be adjusted downward if:

- The residual maturity of the credit risk mitigant is less than that of the hedged exposure (maturity mismatch adjustment), see §.36(c);
- The credit risk mitigant does not include as a credit event a restructuring of the hedged exposure involving forgiveness or postponement of principal, interest, or fees that results in a credit loss event (that is, a charge-off, specific provision, or other similar debit to the profit and loss account), see §.36(d); or
- The credit risk mitigant is denominated in a currency different from that in which the hedged exposure is denominated (currency mismatch adjustment), see §.36(e).

### *Exposures covered by Federal Deposit Insurance Corporation (FDIC) loss sharing agreements*

The portion of any exposure covered by an FDIC loss sharing agreement would be eligible for a 20 percent risk weight. The remaining uncovered portion of the exposure should be risk-weighted according to the regulatory capital rules.

### **Treatment of Equity Exposures**

The treatment of equity exposures are outlined in §.51 through §.53 of the regulatory capital rules. Holding companies must use different methodologies to determine risk weighted assets for their equity exposures:

- The Simple Risk Weight Approach (SRWA), which must be used for all types of equity exposures that are not equity exposures to a mutual fund or other investment fund, and
- Full look-through, simple modified look-through, and alternative modified look-through approaches for equity exposures to mutual funds and other investment funds.

### *Treatment of stable value protection*

The regulatory capital rules define stable value protection (SVP) in §.51(a)(3).

A holding company that purchases SVP on an investment in a separate account must treat the portion of the carrying value of the investment attributable to the SVP as an exposure to the provider of the protection. The remaining portion of the carrying value of the investment must be treated as an equity exposure to an investment fund.

A holding company that provides SVP must treat the exposure as an equity derivative with an adjusted carrying value equal to the sum of the on-balance and off-balance sheet adjusted carrying value.

### *Adjusted carrying value*

The adjusted carrying value of an equity exposure is equal to:

- **On-balance sheet equity exposure:** the carrying value of the exposure.
- **On-balance sheet equity exposure that is classified as AFS where the holding company has made the AOCI opt-out election:** the carrying value of the exposure less any net unrealized gains on the exposure that are reflected in the carrying value but excluded from regulatory capital.
- **Off-balance sheet portion of an equity exposure (that is not an equity commitment):** the effective notional principal amount<sup>15</sup> of the exposure minus the adjusted carrying value of the on-balance sheet component of the exposure.

For an equity commitment (a commitment to purchase an equity exposure), the effective notional principal amount must be multiplied by the following CCFs: 20 percent for conditional equity commitments with an original maturity of one year or less, 50 percent for conditional equity commitments with an original maturity of more than one year, and 100 percent for unconditional equity commitments.

### *Equity exposure risk weighting methodologies*

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15. The regulatory capital rules define the “effective notional principal amount” as an exposure of equivalent size to a hypothetical on-balance sheet position in the underlying equity instrument that would evidence the same change in fair value (measured in dollars) given a small change in the price of the underlying equity instrument.

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- (1) Simple Risk Weight Approach (SWRA): must be used for all types of equity exposures that are not equity exposures to a mutual fund or other investment fund. Under this approach, holding companies must determine the risk weighted asset amount of an individual equity exposure by multiplying (1) the adjusted carrying value of the exposure or (2) the effective portion and ineffective portion of a hedge pair by the lowest possible risk weight below:
- Zero percent risk weight - an equity exposure to a sovereign, Bank for International Settlements, the European Central Bank, the European Commission, the International Monetary Fund, a multilateral development bank (MDB), and any other entity whose credit exposures receive a zero percent risk weight under §.32 of the regulatory capital rules.
  - 20 percent risk weight: an equity exposure to a public sector entity, Federal Home Loan Bank, and the Federal Agricultural Mortgage Corporation (Farmer Mac).
  - 100 percent risk weight: equity exposures to:
    - o Certain qualified community development investments,
    - o The effective portion of hedge pairs,
    - o Non-significant equity exposures, to the extent that the aggregated carrying value of the exposures does not exceed 10 percent of total capital. To utilize this risk weight, the holding company must aggregate the following equity exposures: unconsolidated small business investment companies or held through consolidated small business investment companies; publicly traded (including those held indirectly through mutual funds or other investment funds); and non-publicly traded (including those held indirectly through mutual funds or other investment funds), and
    - o For non-advanced approaches institutions: Significant investments in the capital of unconsolidated financial institutions in the form of common stock that are not deducted from capital.
  - 250 percent risk weight: For advanced approaches institutions only: Significant investments in the capital of unconsolidated financial institutions in the form of common stock that are not deducted from capital. This risk weight takes effect in 2018. Before 2018, all holding companies report such significant investments in the 100 percent risk weight category.
  - 300 percent risk weight: publicly traded equity exposures.
  - 400 percent risk weight: equity exposures that are not publicly traded.
  - 600 percent risk weight: an equity exposure to an investment firm, provided that the investment firm would (1) meet the definition of traditional securitization in §.2 of the regulatory capital rules were it not for the application of paragraph (8) of the definition and (2) has greater than immaterial leverage.
- (2) Full look-through approach: used only for equity exposures to a mutual fund or other investment fund. Requires a minimum risk weight of 20 percent. Under this approach, holding companies calculate the aggregate risk-weighted asset amounts of the carrying value of the exposures held by the fund as if they were held directly by the holding company multiplied by the holding company's proportional ownership share of the fund.
- (3) Simple modified look-through approach: used only for equity exposures to a mutual fund or other investment fund. Requires a minimum risk weight of 20 percent. Under this approach, risk-weighted assets for an equity exposure is equal to the exposure's adjusted carrying value multiplied by the highest risk weight that applies to any exposure the fund is permitted to hold under the prospectus, partnership agreement, or similar agreement that defines the funds permissible investments.
- (4) Alternative modified look-through approach: used only for equity exposures to a mutual fund or other investment fund. Requires a minimum risk weight of 20 percent. Under this approach, holding companies may assign the adjusted carrying value on a pro rata basis to different risk weight categories based on the limits in the fund's prospectus, partnership agreement, or similar contract that defines the fund's permissible investments.



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## Schedule HC-R

### **Treatment of Sales of 1-4 Family Residential First Mortgage Loans with Credit-Enhancing Representations and Warranties**

When a holding company transfers mortgage loans with credit-enhancing representations and warranties in a transaction that qualifies for sale accounting under GAAP, the holding company will need to report and risk weight those exposures. The definition of “credit-enhancing representations and warranties” (CERWs) is found in §.2 of the regulatory capital rules. Many CERWs should be treated as securitization exposures for purposes of risk weighting. However, those CERWs that do not qualify as securitization exposures receive a 100 percent CCF as indicated in §.33 of the regulatory capital rules. For example, if the holding company has agreed to repurchase the loans that it has sold, it will generally need to risk weight those loans in Schedule HC-R, Part II, item 17 until the warranties expire. Note that CERWs do not include certain early default clauses and similar warranties that permit the return of, or premium refund clauses covering, 1-4 family residential mortgage loans that qualify for a 50 percent risk weight provided the warranty period does not exceed 120 days from the date of transfer.

Example: A holding company sells \$100 in qualifying 1-4 family residential first mortgage loans and agrees to repurchase them in case of early default for up to 180 days. This warranty exceeds the 120 day limit, and therefore the full \$100 should be reported in Schedule HC-R, Part II, item 17 until the warranty expires.

If the holding company has made a CERW that is limited or capped (e.g., a warranty to cover first losses on loans up to a set amount that is less than the full loan amount), such warranties are regarded as securitization exposures under the regulatory capital rules as they represent a transaction that has been separated into at least two tranches reflecting different levels of seniority for credit risk. (Refer to the definitions of *securitization exposure*, *synthetic securitization*, *traditional securitization*, and *tranche* in §.2 of the regulatory capital rules). The holding company will need to report and risk weight these warranties in Schedule HC-R, Part II, item 10, as off-balance sheet securitization exposures.

Example: A holding company sells \$100 in qualifying 1-4 family residential first mortgage loans and agrees to compensate the buyer for losses up to \$2 if

the loans default during the first 12 months. Twelve months exceeds the 120-day limit and therefore the agreement is a CERW. The CERW is also a securitization exposure because the \$2 is effectively a first loss tranche on a \$100 transaction.

For purposes of reporting this transaction in Schedule HC-R, Part II, item 10, the holding company should report \$100 in column A, an adjustment of \$98 in column B, and then \$2 in column Q as an exposure amount that is risk weighted by applying a 1,250 percent risk weight (if the holding company does not use the Simplified Supervisory Formula Approach (SSFA) or the Gross-Up Approach for purposes of risk weighting its securitization exposures). The holding company will not need to report any amount in column T or U of Schedule HC-R, Part II, item 10, unless it uses the SSFA or Gross-Up Approach for calculating the risk weighted asset amount for this transaction.

If the holding company uses either the SSFA or Gross-Up Approach to risk weight the \$2 exposure, the holding company should report \$100 in both column A and column B. In columns T or U, it would report the risk-weighted asset amount calculated by using either the SSFA or Gross-Up Approach, respectively.

### **Treatment of Exposures to Sovereign Entities and Foreign Banks**

These instructions contain several references to Country Risk Classifications (CRC) used by the Organization for Economic Cooperation and Development (OECD). The CRC methodology classifies countries into one of eight risk categories (0-7), with countries assigned to the zero category having the lowest possible risk assessment and countries assigned to the 7 category having the highest possible risk assessment. The OECD regularly updates CRCs for more than 150 countries and makes the assessments publicly available on its website.<sup>16</sup> The OECD does not assign a CRC to every country; for example, it does not assign a CRC to a number of major economies; it also does not assign a CRC to many smaller countries. As such, the table below also provides risk weights for countries with no CRC based on whether or not those particular countries are members of the OECD. In addition, there is a higher risk weight of 150 percent for any

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16. See <http://www.oecd.org/trade/xcred/crc.htm>.



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country that has defaulted on its sovereign debt within the past 5 years, regardless of the CRC rating.

exposures are to be assigned based upon the tables below:

Risk weights for reported balance sheet (items 1 through 8) and off-balance sheet and other (items 12 through 22)

- Exposures to foreign central governments (including foreign central banks):

|   |     | Risk Weight (%) |
|---|-----|-----------------|
| Home Country CRC  | 0-1 | 0               |
|   | 2   | 20              |
|   | 3   | 50              |
|   | 4-6 | 100             |
|   | 7   | 150             |
| OECD Member with No CRC                                 |     | 0               |
| Non-OECD Member with No CRC                             |     | 100             |
| Countries with Sovereign Default in Previous Five Years |     | 150             |

- Exposures to foreign banks:

|   |     | Risk Weight (%) |
|---|-----|-----------------|
| Home Country CRC  | 0-1 | 20              |
|   | 2   | 50              |
|   | 3   | 100             |
|   | 4-7 | 150             |
| OECD Member with No CRC                                 |     | 20              |
| Non-OECD Member with No CRC                             |     | 100             |
| Countries with Sovereign Default in Previous Five Years |     | 150             |

## Schedule HC-R

- General obligation exposures to foreign public sector entities:

|   |     | Risk Weight (%) |
|---|-----|-----------------|
| Home Country CRC  | 0-1 | 20              |
|   | 2   | 50              |
|   | 3   | 100             |
|   | 4-7 | 150             |
| OECD Member with No CRC                                 |     | 20              |
| Non-OECD Member with No CRC                             |     | 100             |
| Countries with Sovereign Default in Previous Five Years |     | 150             |

- Revenue obligation exposures to foreign public sector entities:

|   |     | Risk Weight (%) |
|---|-----|-----------------|
| Home Country CRC  | 0-1 | 50              |
|   | 2-3 | 100             |
|   | 4-7 | 150             |
| OECD Member with No CRC                                 |     | 50              |
| Non-OECD Member with No CRC                             |     | 100             |
| Countries with Sovereign Default in Previous Five Years |     | 150             |

### *All risk-weight categories pertaining to exposures to central foreign governments:*

- All exposures to foreign central governments may be assigned a lower risk weight if the following conditions are met: (1) the exposures are denominated in the particular foreign country's local currency; (2) the holding company has at least equivalent liabilities in that currency; and (3) the risk weight is not lower than the risk weight that particular foreign country allows under its jurisdiction to assign to the same exposures to that country.

### **Summary of Risk Weights for Exposures to Government and Public Sector Entities**

The following are some of the most common exposures to government and public sector entities and the risk weights that apply to them:

#### *Column C – 0% column:*

- All exposures (defined broadly to include securities, loans, and leases) that are direct exposures to, or the portion of exposures that are directly and unconditionally guaranteed by, the U.S. Government or U.S. Government agencies. This includes the portions of deposits insured by the Federal Deposit Insurance Corporation

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## Schedule HC-R

(FDIC) or the National Credit Union Administration (NCUA).

- Exposures that are collateralized by cash on deposit in the reporting holding company.
- Exposures that are collateralized by securities issued or guaranteed by the U.S. Government, or other sovereign governments that qualify for the zero percent risk weight. Collateral value must be adjusted under §.37 of the regulatory capital rules.
- Exposures to, and the portions of exposures guaranteed by, the Bank for International Settlements, the European Central Bank, the European Commission, the International Monetary Fund, or a multilateral development fund (as specifically defined in §.2 of the regulatory capital rules).

### *Column G – 20% column:*

- The portion of exposures that are conditionally guaranteed by the U.S. Government or U.S. Government agencies. This includes exposures, or the portions of exposures, conditionally guaranteed by the FDIC or the NCUA.
- The portion of exposures that are collateralized by cash on deposit in the holding company or by securities issued or guaranteed by the U.S. Government or U.S. Government agencies that are not included in zero percent column.
- General obligation exposures to states, municipalities, and other political subdivisions of the United States.
- Exposures to U.S. government sponsored entities (GSEs) other than equity exposures or preferred stock, and risk sharing securities.

### *Column H – 50% column:*

- Revenue obligation exposures to states, municipalities, and other political subdivisions of the United States.

### *Column I – 100% column:*

- Preferred stock of U.S. GSEs.

## **Risk Weighted Assets for Securitization Exposures**

Under the regulatory capital rules, three separate approaches are available for setting the regulatory capital requirements for securitization exposures, as defined in §.2 of the regulatory capital rules. Securitization expo-

sure include asset-backed and mortgage-backed securities, other positions in securitization transactions, re-securitizations, and structured finance programs<sup>17</sup> (except credit-enhancing interest-only (CEIO) strips). In general, under each of the three approaches, 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 calculated amount of the position by the appropriate risk weight. The three approaches to determining the proper risk weight for a securitization exposure are the Simplified Supervisory formula approach, the Gross-Up Approach, or the 1,250 Percent Risk Weight Approach.

If a securitization exposure is not an after-tax gain-on-sale resulting from a securitization that requires deduction, or the portion of a CEIO strip that does not constitute an after-tax gain-on-sale,<sup>18</sup> a holding company may assign a risk weight to the securitization exposure using the SSFA if certain requirements are met. If a holding company is not subject to Subpart F (the market risk capital rule) of the regulatory capital rules, it may instead choose to assign a risk weight to the securitization exposure using the Gross-Up Approach if certain requirements are met. However, the holding company must apply either the SSFA or the Gross-Up Approach consistently across all of its securitization exposures. However, if the holding company cannot, or chooses not to, apply the SSFA or the Gross-Up Approach to an individual securitization exposure, the holding company must assign a 1,250 percent risk weight to that exposure.

Both traditional and synthetic securitizations must meet certain operational requirements before applying either the SSFA or the Gross-Up Approach. Furthermore, holding companies must complete certain due diligence requirements and satisfactorily demonstrate a comprehensive understanding of the features of the securitization exposure that would materially affect the performance of the exposure. If these due diligence requirements are not met, the holding company must assign the securitization exposure a risk weight of 1,250 percent.

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17. Structured finance programs include, but are not limited to, collateralized debt obligations.

18. Consistent with the regulatory capital rules, a holding company must deduct from common equity tier 1 capital any after-tax gain-on-sale resulting from a securitization and must apply a 1,250 percent risk weight to the portion of a CEIO strip that does not constitute an after-tax gain-on-sale.

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## Schedule HC-R

The holding company's analysis must be commensurate with the complexity of the securitization exposure and the materiality of the exposure in relation to its capital. Holding companies should refer to §.41 of the regulatory capital rules to review the details of these operational and due diligence requirements.

For example, a holding company not subject to the market risk capital rule has 12 securitization exposures. The operational and due diligence requirements have been met for 10 of the exposures, to which the holding company applies the Gross-Up Approach. The holding company then assigns a 1,250 percent risk weight to the other two exposures. Alternatively, the holding company could assign a 1,250 percent risk weight to all 12 securitization exposures.

### a. Exposure Amount Calculation

The exposure amount of an on-balance sheet securitization exposure that is not an available-for-sale or held-to-maturity security where the holding company has made the Accumulated Other Comprehensive Income (AOCI) opt-out election in Schedule HC-R, Part I, item 3(a), a repo-style transaction, an eligible margin loan, an over-the-counter (OTC) derivative contract, or a cleared transaction is equal to the carrying value of the exposure.

The exposure amount of an on-balance sheet securitization exposure that is an available-for-sale or held-to-maturity security where the bank has made the AOCI opt-out election in Schedule HC-R, Part I, item 3.a, is equal to the carrying value of the exposure (including any accrued interest receivable on the exposure reported in Schedule HC, item 11), less any net unrealized gains on the exposure and plus any net unrealized losses on the exposure.

The exposure amount of an off-balance sheet securitization exposure that is not a repo-style transaction, an eligible margin loan, a cleared transaction (other than a credit derivative), an OTC derivative contract (other than a credit derivative), or an exposure to an asset-backed commercial paper (ABCP) program is the notional amount of the exposure.

For an off-balance sheet securitization exposure to an asset-backed commercial paper (ABCP) program, such as an eligible ABCP liquidity facility, the notional amount may be reduced to the maximum potential amount that the holding company could be required to fund given the ABCP program's current underlying

assets (calculated without regard to the current credit quality of those assets). An exposure amount of an eligible ABCP liquidity facility for which the SSFA does not apply is calculated by multiplying the notional amount of the exposure by a CCF of 50 percent. An exposure amount of an eligible ABCP liquidity facility for which the SSFA does apply is calculated by multiplying the notional amount of the exposure by a CCF of 100 percent.

The exposure amount of a securitization exposure that is a repo-style transaction, eligible margin loan, or derivative contract (other than a credit derivative) is the exposure amount of the transaction as calculated using the instructions for calculating the exposure amount of OTC derivatives or collateralized transactions outlined in §.34 or §.37, respectively, of the regulatory capital rules.

If a holding company has multiple securitization exposures that provide duplicative coverage to the underlying exposures of a securitization, the holding company is not required to hold duplicative risk-based capital against the overlapping position. Instead, the holding company may apply to the overlapping position the applicable risk-based capital treatment that results in the highest risk-based capital requirement.

If a holding company provides support to a securitization in excess of the holding company's contractual obligation to provide credit support to the securitization (implicit support) it must include in risk-weighted assets all of the underlying exposures associated with the securitization as if the exposures had not been securitized and must deduct from common equity tier 1 capital any after-tax gain-on-sale resulting from the securitization.

### b. Simplified Supervisory Formula Approach (SSFA)

To use the SSFA to determine the risk weight for a securitization exposure, a holding company must have data that enables it to accurately assign the parameters. The data used to assign the parameters must be the most currently available data and no more than 91 calendar days old. A holding company that does not have the appropriate data to assign the parameters must assign a risk weight of 1,250 percent to the exposure. See the operational requirements outlined in §.43 of the regulatory capital rules for further instructions.

To calculate the risk weight for a securitization exposure using the SSFA, a holding company must have accurate

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## Schedule HC-R

information on the following five inputs to the SSFA calculation:

- Parameter  $K_G$  is the weighted-average total capital requirement for all underlying exposures calculated using the SSFA (with unpaid principal used as the weight for each exposure). Parameter  $K_G$  is expressed as a decimal value between zero and one (e.g., an average risk weight of 100 percent represents a value of  $K_G$  equal to .08). “Underlying exposures” is defined in the regulatory capital rules to mean one or more exposures that have been securitized in a securitization transaction. In this regard, underlying exposures means all exposures, including performing and nonperforming exposures. Thus, for example, for a pool of underlying corporate exposures that have been securitized, where 95 percent of the pool is performing (and qualify for a risk weight of 100 percent) and 5 percent of the pool is past due exposures that are not guaranteed and are unsecured (and thus are assigned a risk weight of 150 percent), the weighted risk weight for the pool would be 102.5 percent [ $102.5\% = (95\% * 100\%) + (5\% * 150\%)$ ] and the total capital requirement  $K_G$  would be equal to 0.082 (102.5% divided by 1,250%). This treatment is consistent with the regulatory capital rules.
- Parameter  $W$  is the ratio of the sum of the dollar amounts of any underlying exposures within the securitized pool to the ending balance, measured in dollars, of underlying exposures, that meet any of the following criteria: (1) 90 days or more past due; (2) subject to a bankruptcy or insolvency proceeding; (3) in the process of foreclosure; (4) held as real estate owned; (5) has contractually deferred interest payments for 90 days or more (other than in the case of deferrals on federally guaranteed student loans and certain consumer loans deferred according to provisions in the contract); or (6) is in default. Parameter  $W$  is expressed as a decimal value between zero and one.

As a result, past due exposures that also meet one or more of the criteria in parameter  $W$  are to be factored into the measure of both parameters  $K_G$  and  $W$  for purposes of calculating the regulatory capital requirement for securitization exposures using the SSFA.

- Parameter  $A$  is the attachment point for the exposure, which represents the threshold at which credit losses will first be allocated to the exposure. Parameter  $A$  equals the ratio of the current dollar amount of under-

lying exposures that are subordinated to the exposure of the holding company to the current dollar amount of underlying exposures. Any reserve account funded by the accumulated cash flows from the underlying exposures that is subordinated to the holding company’s securitization exposure may be included in the calculation of parameter  $A$  to the extent that cash is present in the account. Parameter  $A$  is expressed as a decimal value between zero and one.

- Parameter  $D$  is the detachment point for the exposure, which represents the threshold at which credit losses of principal allocated to the exposure would result in a total loss of principal. Parameter  $D$  equals parameter  $A$  plus the ratio of the current dollar amount of the securitization exposures that are pari passu with the exposure (that is, have equal seniority with respect to credit risk) to the current dollar amount of the underlying exposures. Parameter  $D$  is expressed as a decimal value between zero and one.
- A supervisory calibration parameter,  $p$ , is equal to 0.5 for securitization exposures that are not resecuritization exposures and equal to 1.5 for resecuritization exposures.

There are three steps to calculating the risk weight for a securitization using the SSFA. First, a holding company must complete the following equations using the previously described parameters:

$$K_A = (1-W) \cdot K_G + (0.5 \cdot W)$$

$$a = -\frac{1}{p \cdot K_A}$$

$$u = D - K_A$$

$$l = \max(A - K_A, 0)$$

$e = 2.71828$ , the base of the natural logarithms

Second, using the variables calculated in first step, find the value of  $K_{SSFA}$  using the formula below:

$$K_{SSFA} = \frac{e^{a \cdot u} - e^{a \cdot l}}{a(u - l)}$$

Third, the risk weight of any particular securitization exposure (expressed as a percent) will be equal to:

$$K_{SSFA} \times 1,250$$

To determine the risk-based capital requirement under the SSFA, multiply the exposure amount by the higher of



# Schedule HC-R

either (1) the calculated risk weight or (2) a 20 percent risk weight.

For purposes of reporting in Schedule HC-R, Part II, items 9 and 10, a holding company would report in Column T the risk-weighted asset amount calculated under the SSFA for its securitization exposures.

### c. Gross-Up Approach

A holding company that is not subject to the market risk capital rule (Subpart F) in the regulatory capital rules may apply the gross-up approach instead of the SSFA to determine the risk weight of its securitization exposures, provided that it applies the gross-up approach consistently to all of its securitization exposures.

To calculate the risk weight for a securitization exposure using the gross-up approach, a holding company must calculate the following four inputs:

- (1) Pro rata share, which is the par value of the holding company's securitization exposure as a percent of the par value of the tranche in which the securitization exposure resides.
- (2) Enhanced amount, which is the par value of the tranches that are more senior to the tranche in which the holding company's securitization resides.
- (3) Exposure amount of the holding company's securitization exposure.
- (4) Risk weight, which is the weighted-average risk weight of underlying exposures in the securitization pool.

The holding company would calculate the credit equivalent amount which is equal to the sum of the exposure amount of the holding company's securitization exposure (3) and the pro rata share (1) multiplied by the enhanced amount (2).

A holding company must assign the higher of the weighted-average risk weight (4) or a 20 percent risk weight to the securitization exposure using the gross-up approach.

To determine the risk-based capital requirement under the gross-up approach, multiply the higher of the two risk weights by the credit equivalent amount. These steps are outlined in the worksheet below:

### Gross-Up Approach Worksheet to Calculate the Capital Charge for a Securitization Exposure that is Not a Senior Exposure<sup>19</sup>

- (a) Currently outstanding par value of the holding company's non-senior securitization exposure divided by the currently outstanding par value of the entire tranche (e.g., 60%<sup>20</sup>) ..... \_\_\_\_\_
- (b) Currently outstanding par value of the more senior positions in the securitization that are supported by the tranche in which the holding company owns a non-senior securitization exposure ..... \_\_\_\_\_
- (c) Pro rata share of the more senior positions currently outstanding in the securitization that are supported by the holding company's non-senior securitization exposure: enter (b) multiplied by (a) ..... \_\_\_\_\_
- (d) Face amount<sup>21</sup> of the holding company's non-senior securitization exposure ..... \_\_\_\_\_
- (e) Enter the sum of (c) and (d) ..... \_\_\_\_\_
- (f) Enter the weighted average risk weight applicable to the assets underlying the securitization ..... \_\_\_\_\_

19. A senior securitization exposure means a securitization exposure that has a first priority claim on the cash flows from the underlying exposures, without considering amounts due under interest rate or currency contracts, fees or other similar payments due. Time tranching (that is, maturity differences) also is not considered when determining whether a securitization exposure is a senior securitization exposure.

20. For example, if the currently outstanding par value of the entire tranche is \$100 and the currently outstanding par value of the holding company's subordinated security is \$60, then the holding company would enter 60% in (a).

21. For risk-based capital purposes, if the holding company has made the AOCI opt-out election in Schedule HC-R, Part I, item 3(a), 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 holding company has not made or cannot make the AOCI opt-out election, the "face amount" of an HTM security is its amortized cost; the "face amount" of an AFS security or a trading security is its fair value.

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## Schedule HC-R

- (g) Risk-weighted asset amount of the holding company's non-senior securitization exposure: enter the higher of (d) multiplied by 20%, or
- (d) multiplied by 20% or
  - (e) multiplied by (f) ..... \_\_\_\_\_
- (h) Capital charge for the risk-weighted asset amount of the holding company's non-senior securitization exposure: enter (g) multiplied by 8% ..... \_\_\_\_\_

For purposes of reporting its non-senior securitization exposures in Schedule HC-R, Part II, items 9 and 10, a holding company would report in Column U the risk-weighted asset amount calculated in line (g) on the Gross-Up Approach worksheet. For a senior securitization exposure, a holding company would report in column U the face amount of its exposure<sup>22</sup> multiplied by the weighted-average risk weight of the securitization's underlying exposures, subject to a 20 percent risk-weight floor.

### *Reporting in Schedule HC-R, Part II, When Using the Gross-Up Approach:*

If the holding company's non-senior security is a held-to-maturity securitization exposure, the amortized cost of this security is included on the Report of Condition balance sheet in Schedule HC, item 2(a), "Held-to-maturity securities," and on the regulatory capital schedule in columns A and B of Schedule HC-R, Part II, item 9(a), "On-balance sheet securitization exposures - Held-to-maturity securities." The risk-weighted asset amount from line (g) in the Gross-Up Approach Worksheet above is reported in column U of Schedule HC-R, Part II, item 9(a).

If the holding company's non-senior security is an available-for-sale securitization exposure, the fair value of this security is included on the Report of Condition 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, Part II, item 9(b), "On-

balance sheet securitization exposures - Available-for-sale securities." For further information on the reporting of AFS securitization exposures in column B refer to the instructions for Schedule HC-R, Part II, item 9(b) because the amount reported in column B depends on whether the holding company has made the AOCI opt-out election in Schedule HC-R, Part I, item 3(a). For non-senior AFS securitization exposures, the risk-weighted asset amount from line (g) in the Gross-Up Approach Worksheet above is reported in column U of Schedule HC-R, Part II, item 9(b).

If the holding company's subordinated security is a trading securitization exposure, the fair value of this security is included on the Report of Condition balance sheet in Schedule HC, item 5, "Trading assets," and on the regulatory capital schedule in column A of Schedule HC-R, Part II, item 9(c), "On-balance sheet securitization exposures - Trading assets that receive standardized charges." A trading security is risk-weighted using its fair value if the holding company is not subject to the market risk capital rule. The risk-weighted asset amount from line (g) in the Gross-Up Approach Worksheet above is reported in column U of Schedule HC-R, Part II, item 9(c).

### d. 1,250 Percent Risk Weight Approach

If the holding company cannot, or chooses not to apply the SSFA or the Gross-Up Approach to the securitization exposure, the holding company must assign a 1,250 percent risk weight to the exposure.

### *Securitization exposure reporting in Schedule HC-R, Part II*

Securitization exposure reporting depends on the methodology the holding company will use to risk weight the exposure.

For example, if a holding company plans to apply the 1,250 percent risk weight to its exposures, the amount reported in column Q should match the amount reported in column A (less any adjustments, such as that for an allocated transfer risk reserve (ATRR)). For any securitization exposure risk-weighted using the 1,250 percent risk weight, the sum of columns B and Q should equal column A.

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22. See footnote 21.

## Schedule HC-R

|   | (Column A)<br>Totals | (Column B)<br>Adjustments to<br>Totals<br>Reported in<br>Column A | (Column Q)         | (Column T)  | (Column U) |     |
|---|----------------------|---|--------------------|---|------------|-----|
|   |                      |   | Exposure<br>Amount | Total Risk-Weighted Asset<br>Amount by Calculation<br>Methodology |            |     |
|   |                      |   | 1250%              | SSFA  | Gross-Up   |     |
| 9. On-balance sheet<br>securitization<br>exposures<br>a. Held-to-maturity<br>securities |                      |   |                    |   |            |     |
|   | BHCK                 | BHCK  | BHCK               | BHCK  | BHCK       |     |
|   | \$100                | \$0   | \$100              | \$0   | \$0        | 9.a |

In addition, when a holding company applies the 1,250 percent risk weight to an on-balance sheet securitization exposure, the holding company should include in column A of Schedule HC-R, Part II, item 9.d, any amount reported in Schedule HC, item 11, "Other assets," for accrued interest receivable on the securitization exposures, regardless of where the securitization exposure is reported on the balance sheet in Schedule HC. The amount reported in column Q should match the amount reported in column A.

If a holding company - regardless if it makes the AOCI opt-out election - is applying the SSFA or Gross-Up

Approach, the reporting is significantly different due to the fact that the holding company reports the risk weighted assets amount in columns T or U.

In the case where a holding company has a securitization exposure with a balance sheet value of \$100, it would report \$100 in both columns A and B. If the holding company applies the SSFA and calculates a risk-weighted asset exposure of \$20 for that securitization, the holding company would report \$20 in column T. Since it is using the SSFA for all its securitization exposures, the holding company must report \$0 in column U.

|   | (Column A)<br>Totals | (Column B)<br>Adjustments to<br>Totals<br>Reported in<br>Column A | (Column Q)         | (Column T)  | (Column U) |     |
|---|----------------------|---|--------------------|---|------------|-----|
|   |                      |   | Exposure<br>Amount | Total Risk-Weighted Asset<br>Amount by Calculation<br>Methodology |            |     |
|   |                      |   | 1250%              | SSFA  | Gross-Up   |     |
| 9. On-balance sheet<br>securitization<br>exposures<br>a. Held-to-maturity<br>securities |                      |   |                    |   |            |     |
|   | BHCK                 | BHCK  | BHCK               | BHCK  | BHCK       |     |
|   | \$100                | \$100   | \$0                | \$20  | \$0        | 9.a |

A holding company, at its discretion, could also use both the 1,250 percent risk weight for some securitization exposures and either the SSFA or Gross-Up Approach for other securitization exposures. For example, Holding Company Z has three securitization exposures, each valued at \$100 on the balance sheet. Holding Company Z The holding company would report the following:

chooses to apply the 1,250 percent risk weight to one exposure and use the Gross-Up Approach to calculate risk-weighted assets for the other two exposures. Assume that the risk-weighted asset amount under the Gross-Up Approach is \$20 for each exposure.

## Schedule HC-R

|   | (Column A)<br>Totals | (Column B)<br>Adjustments to<br>Totals<br>Reported in<br>Column A | (Column Q)         | (Column T)  | (Column U) | 9.a |
|---|----------------------|---|--------------------|---|------------|-----|
|   |                      |   | Exposure<br>Amount | Total Risk-Weighted Asset<br>Amount by Calculation<br>Methodology |            |     |
|   |                      |   | 1250%              | SSFA  | Gross-Up   |     |
| 9. On-balance sheet<br>securitization<br>exposures<br>a. Held-to-maturity<br>securities |                      |   |                    |   |            |     |
|   | BHCK                 | BHCK  | BHCK               | BHCK  | BHCK       |     |
|   | \$300                | \$200   | \$100              | \$0   | \$40       |     |

The \$200 reported under column B reflects the balance sheet amounts of the two securitizations risk-weighted using the Gross-Up Approach. This ensures that the sum of columns B and Q continue to equal the amount reported in column A. The \$40 under column U reflects the risk-weighted asset amount of the sum of the two securitization exposures that were risk-weighted using the Gross-Up Approach. This \$40 is added to total risk-weighted assets in item 28 of Schedule HC-R, Part II.

### Holding Companies That Are Subject to the Market Risk Capital Rule

The regulatory capital rules require all holding companies with significant market risk to measure their market risk exposure and hold sufficient capital to mitigate this exposure. In general, a holding company is subject to the market risk capital rule if its consolidated trading activity, defined as the sum of trading assets and liabilities as reported in its FR Y9-C for the previous quarter, equals: (1) 10 percent or more of the 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 the holding company if necessary or appropriate for safe and sound banking practices.

A holding company that is subject to the market risk capital rule 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.

A covered position is a trading asset or trading liability (whether on- or off-balance sheet), as reported on Schedule HC-D, that is held for any of the following reasons:

- (1) For the purpose of short-term resale;
- (2) With the intent of benefiting from actual or expected short-term price movements;
- (3) To lock in arbitrage profits; or
- (4) To hedge another covered position.

Covered positions include all positions in a 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 holding company's gross credit risk-weighted assets. However, foreign exchange positions that are outside of the trading account and all over-the-counter (OTC) derivatives as well as cleared transactions and unsettled transactions continue to have a counterparty credit risk capital charge. Those positions are included in both gross risk-weighted assets for credit risk and the holding company's covered positions for market risk.

Additionally, the trading asset or trading liability must be free of any restrictive covenants on its tradability or the holding company must be able to hedge the material risk elements of the trading asset or trading liability in a two-way market. A covered position also includes a foreign exchange or commodity position, regardless of whether the position is a trading asset or trading liability (excluding structural foreign currency positions if supervisory approval has been granted to exclude such positions).

A covered position does not include:

- (1) An intangible asset (including any servicing asset);
- (2) A hedge of a trading position that is outside the scope of the holding company's hedging strategy (required by the market risk capital rule);

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## Schedule HC-R

- (3) Any position that, in form or substance, acts as a liquidity facility that provides support to asset-backed commercial paper;
- (4) A credit derivative recognized as a guarantee for risk-weighted asset calculation purposes under the regulatory capital rules for credit risk;
- (5) An equity position that is not publicly traded (other than a derivative that references a publicly traded equity);
- (6) A position held with the intent to securitize; or
- (7) A direct real estate holding.

A holding company subject to the market risk capital rule must maintain an overall minimum 8.0 percent ratio of total qualifying capital (the sum of Tier 1 capital and Tier 2 capital, net of all deductions) to the sum of risk-weighted assets and market risk-weighted assets. Holding companies should refer to the regulatory capital rules for specific instructions on the calculation of the measure for market risk.

### Balance Sheet Asset Categories

Treatment of Embedded Derivatives - If a 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 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, Part II (items 1 to 8). 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. All derivative exposures should be risk-weighted in the derivative items of Schedule HC-R, Part II, as appropriate (items 20 or 21).

### Reporting Exposures Hedged with Cleared Eligible Credit Derivatives

Holding companies are able to obtain full or partial protection for (i.e., "hedge") on-balance sheet assets or

off-balance sheet items using credit derivatives that are cleared through a qualified central counterparty (QCCP) or a central counterparty (CCP) that is not a QCCP. In some cases, a cleared credit derivative used for this purpose meets the definition of an eligible credit derivative in §.2 of the regulatory capital rules. In these cases, under §.36 of the regulatory capital rules, a holding company that is a clearing member or a clearing member client may recognize the credit risk mitigation benefits of the eligible credit derivative. More specifically, the risk weight of the underlying exposure (e.g., 20 percent, 50 percent, or 100 percent) may be replaced with the risk weight of the CCP or QCCP as the protection provider if the credit derivative is an eligible credit derivative, is cleared through a CCP or a QCCP, and meets the applicable requirements under §.35 and §.36 of the regulatory capital rules. The risk weight for an eligible credit derivative cleared through a QCCP is 2 percent or 4 percent, based on conditions set forth in the rules. The risk weight for an eligible credit derivative cleared through a CCP is determined according to §.32 of the regulatory capital rules. In addition, the coverage amount provided by an eligible credit derivative must be adjusted downward under certain conditions as described in §.36 of the regulatory capital rules.

If a clearing member holding company or clearing member client holding company has obtained full or partial protection for an on-balance sheet asset or off-balance sheet item using a cleared eligible credit derivative cleared through a QCCP, the holding company may, but is not required to, recognize the benefits of this eligible credit derivative in determining the risk-weighted asset amount for the hedged exposure in Schedule HC-R, Part II, by reporting the protected exposure amounts and credit equivalent amounts in the 2 percent or 4 percent risk-weight category, as appropriate under the regulatory capital rules. Any amount of the exposure that is not covered by the eligible credit derivative should be reported in the risk-weight category corresponding to the risk weight of the underlying exposure. For example, for an asset with a \$200 exposure amount fully covered by an eligible credit derivative cleared through a QCCP that qualifies for a 2 percent risk weight, the holding company would report the \$200 exposure amount in Column D-2% risk weight for the appropriate asset category.



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## Schedule HC-R

### **Treatment of Certain Centrally Cleared Derivative Contracts**

In August 2017, the banking agencies issued supervisory guidance on the regulatory capital treatment of certain centrally cleared derivative contracts which are reported in HC-R Part II item 21, in light of revisions to the rulebooks of certain central counterparties. Under the previous requirements of these central counterparties' rulebooks, variation margin transferred to cover the exposure that arises from marking cleared derivative contracts, and netting sets of such contracts, to fair value was considered collateral pledged by one party to the other, with title to the collateral remaining with the posting party. These derivative contracts are referred to as collateralized-to-market contracts. Under the revised rulebooks of certain central counterparties, variation margin for certain centrally cleared derivative contracts, and certain netting sets of such contracts, is considered a settlement payment for the exposure that arises from marking these derivative contracts and netting sets to fair value, with title to the payment transferring to the receiving party. In these circumstances, the derivative contracts and netting sets are referred to as settled-to-market contracts.

Under the agencies' regulatory capital rules, in general, an institution must calculate the trade exposure amount for a cleared derivative contract, or a netting set of such contracts, by using the methodology described in §.34 of the rules to determine (i) the current credit exposure and (ii) the potential future exposure of the derivative contract or netting set of such contracts for purposes of the standardized approach risk-based capital calculation and the supplementary leverage ratio calculation. The risk-weighted asset calculations under the advanced approaches capital framework have similar requirements. Current credit exposure is determined by reference to the fair value of each derivative contract as measured under U.S. GAAP. Potential future exposure is determined, in part, by multiplying each derivative contract's notional principal amount by a conversion factor. The conversion factors vary by the category (for example, interest rate, equity) and remaining maturity of the derivative contract.<sup>23</sup> The regulatory capital rules provide that, for a derivative contract that is structured such that on specified dates any outstanding exposure is settled and the

terms are reset so that the fair value of the contract is zero, the remaining maturity equals the time until the next reset date.

For the purpose of the regulatory capital rules, the August 2017 supervisory guidance states that if, after accounting and legal analysis, an institution determines that (i) the variation margin payment on a centrally cleared settled-to-market contract settles any outstanding exposure on the contract, and (ii) the terms are reset so that the fair value of the contract is zero, the remaining maturity on such a contract would equal the time until the next exchange of variation margin on the contract. In conducting its legal analysis to determine whether variation margin may be considered settlement of outstanding exposure under the regulatory capital rules, an institution should evaluate whether the transferor of the variation margin has relinquished all legal claims to the variation margin and whether the payment of variation margin constitutes settlement under the central counterparty's rulebook, any other applicable agreements governing the derivative contract, and applicable law. Among other requirements, a central counterparty's rulebook may require an institution to satisfy additional obligations, such as payment of other expenses and fees, in order to recognize payment of variation margin as satisfying settlement under the rulebook. The legal and accounting analysis performed by the institution should take all such requirements into account.

Institutions should refer to the supervisory guidance in its entirety for purposes of determining the appropriate regulatory capital treatment of settled-to-market contracts under the regulatory capital rules.

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 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, holding companies should consult with their Federal Reserve Bank to determine the appropriate risk-based capital treatment for specific loss-sharing agreements.

Allocated Transfer Risk Reserve (ATRR) - If the reporting holding company is required to establish and maintain an ATRR as specified in Section 905(a) of the

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23. See the instructions for Schedule HC-R, Part II, item 21, "Centrally cleared derivatives," for a chart of the credit conversion factors.

# Schedule HC-R

International Lending Supervision Act of 1983, the ATRR should be reported in Schedule HC-R, Part II, item 30. 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 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, "Adjustments to totals reported in Column A," of the corresponding asset category in Schedule HC-R, Part II, items 1 through 4 and 7 through 9. The amount to be risk-weighted for this asset in columns C through Q, as appropriate, would be its net carrying value plus the ATRR. For example, a holding company has a held-to-maturity security issued by a foreign commercial company against which it has established an ATRR. The security, net of the ATRR, is included in Schedule HC, item 2(a), "Held-to-maturity securities," and the security should be included in Schedule HC-R, Part II, item 2(a), column A, at \$80. The holding company should include \$-20 in Schedule HC-R, Part II, item 2(a), column B, and \$100 in item 2(a), column I.

## Item Instructions for Part II

### Balance Sheet Asset Categories

#### Item No. Caption and Instructions

- 1 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), excluding those balances due from depository institutions that qualify as securitization exposures as defined in §.2 of the regulatory capital rules.

The amount of those balances due from depository institutions reported in Schedule HC, items 1(a) and 1(b) that qualify as securitization exposures must be reported in Schedule HC-R, Part II, item 9(d), column A.

- In column C-0% risk weight, include:

- o The amount of currency and coin reported in Schedule HC, item 1(a);
- o Any balances due from Federal Reserve Banks reported in Schedule HC, item 1(b); and
- o The insured portions of deposits in FDIC-insured depository institutions and NCUA-insured credit unions reported in Schedule HC, items 1(a) and 1(b).

- In column G-20% risk weight, include:

- o Any balances due from depository institutions and credit unions that are organized under the laws of the United States or a U.S. state reported in Schedule HC, items 1(a) and 1(b), in excess of any applicable FDIC or NCUA deposit insurance limits for deposit exposures or where the depository institutions are not insured by either the FDIC or the NCUA;
- o Any balances due from Federal Home Loan Banks reported in Schedule HC, items 1(a) and

Items 1 through 25 columns A through U are to be reported semiannually in June and December by HCs with less than \$5 billion in total assets.

- In column I -100% risk weight, include all other amounts that are not reported in columns C through Q.
- Cash and balances due from depository institutions that must be risk-weighted according to the Country Risk Classification (CRC) methodology
  - o In column C-0% risk weight; column G-20% risk weight; column H-50% risk weight; column I-100% risk weight; column J-150% risk weight. Assign these exposures to risk weight categories based on the CRC methodology described above in the General Instructions for Part II. Include:
  - o The amounts reported in Schedule HC, items 1(a) and 1(b), composed of balances due from foreign banks;
  - o Any balances due from foreign central banks.

If the reporting holding company is the correspondent holding company in a pass-through reserve balance relationship, report in column C the amount of its own reserves as well as those reserve balances actually passed

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## Schedule HC-R

through to a Federal Reserve Bank on behalf of its respondent depository institutions.

If the reporting holding company is the respondent holding company in a pass-through reserve balance relationship, report in column C the amount of the holding company's reserve balances due from its correspondent holding company or bank that its correspondent has actually passed through to a Federal Reserve Bank on the reporting holding company's behalf, i.e., for purposes of this item, treat these balances as balances due from a Federal Reserve Bank. This treatment differs from that required in Schedule HC-A, item 2, "Balances due from depository institutions in the U.S.," which treats pass-through reserve balances held by a bank's correspondent as balances due from a depository institution as opposed to balances due from the Federal Reserve.

If the reporting holding company is a participant in an excess balance account at a Federal Reserve Bank, report in column C the holding company's balance in this account.

If the reporting holding company accounts for any holdings of certificates of deposit (CDs) like available-for-sale debt securities that do not qualify as securitization exposures, report in column A the fair value of such CDs. If the holding company has made the Accumulated Other Comprehensive Income opt out election in Schedule HC-R, Part I, item 3(a), include in column B the difference between the fair value and amortized cost of these CDs. When fair value exceeds amortized cost, report the difference as a positive number in column B. When amortized cost exceeds fair value, report the difference as a negative number (i.e., with a minus (-) sign) in column B. Risk weight the amortized cost of these CDs in columns C through J, as appropriate.

- 2 **Securities (excluding securitization exposures)**. Do not include securities that qualify as securitization exposures in items 2(a) and 2(b) below; instead, report these securities in Schedule HC-R, Part II, items 9(a) and 9(b). In general, under the regulatory capital rules, securitizations are exposures that are "tranching" for credit risk. Refer to the definitions of securitization, traditional securitization, synthetic securitization and tranche in §.2 of the regulatory capital rules.
- 2(a) **Held-to-maturity securities**. Report in column A the amount of held-to-maturity (HTM)

securities reported in Schedule HC, item 2(a), excluding those HTM securities that qualify as securitization exposures as defined in §.2 of the regulatory capital rules.

The amount of those HTM securities reported in Schedule HC, item 2(a), that qualify as securitization exposures are to be reported in Schedule HC-R, Part II, item 9(a), column A. The sum of Schedule HC-R, Part II, items 2(a) and 9(a), column A, must equal Schedule HC, item 2(a).

Exposure amount to be used for purposes of risk weighting - holding company cannot or has not made the Accumulated Other Comprehensive Income (AOCI) opt-out election in Schedule HC-R, Part I, item 3(a): For a security classified as held-to-maturity where the holding company cannot or has not made the AOCI opt-out election (i.e., most AOCI is included in regulatory capital), the exposure amount to be risk weighted by the holding company is the carrying value of the security, which is the value of the asset reported (a) on the balance sheet of the holding company determined in accordance with GAAP and (b) in Schedule HC-R, Part II, item 2(a), column A.

Exposure amount to be used for purposes of risk weighting - holding company has made the AOCI opt-out election in Schedule HC-R, Part I, item 3(a): For a security classified as held-to-maturity where the holding company has made the AOCI opt-out election (i.e., most AOCI is not included in regulatory capital), the exposure amount to be risk weighted by the holding company is the carrying value of the security reported (a) on the balance sheet of the holding company and (b) in Schedule HC-R, Part II, item 2(a), column A, less any net unrealized gain on the exposure plus any net unrealized loss on the exposure included in AOCI. For purposes of determining the exposure amount of an HTM security, an unrealized gain (loss), if any, on such a security that is included in AOCI is (i) the unamortized balance of the unrealized gain (loss) that existed at the date of transfer

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## Schedule HC-R

of a debt security transferred into the held-to-maturity category from the available for sale category, or (ii) the unaccreted portion of other-than-temporary impairment losses on an HTM debt security that was not recognized in earnings 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"). Thus, for an HTM security with such an unrealized gain (loss), report in column B any difference between the carrying value of the security reported in column A of this item and its exposure amount reported under the appropriate risk weighting column C through J.

- *In column B*, include the amount of:
  - o Non-significant investments in tier 2 capital of unconsolidated financial institutions that are reported in Schedule HC, item 2.a, and have been deducted from capital in Schedule HC-R, Part I, item 33.
  - o Significant investments in the capital of unconsolidated financial institutions in the form of tier 2 capital that are reported in Schedule HC, item 2.a, and have been deducted from capital in Schedule HC-R, Part I, item 33.
  - o A holding company that has adopted CECL includes the relevant portion (reflected as a negative number) of Schedule HI-B, Part II, item 7, Column B, "Balance end of current period: Held-to-maturity debt securities," less Schedule HC-R, part II, Memorandum item 5(b), "Amount of allowances for credit losses on purchased credit-deteriorated assets: Held-to-maturity securities." For example, if a firm reports \$100 in Schedule HI-B, Part II, item 7, Column B, and \$10 in Schedule HC-R, part II, Memorandum item 5(b), the firm would report (\$90) in this column B.
- *In column C-0% risk weight*. The zero percent risk weight applies to exposures to the U.S. government, a U.S. government agency, or a Federal Reserve Bank, and those exposures otherwise unconditionally guaranteed by the U.S. government. Include exposures to or unconditionally guaranteed by the FDIC or the NCUA.

Certain foreign government exposures and certain entities listed in §.32 of the regulatory capital rules may also qualify for the zero percent risk weight. Include the exposure amounts of securities reported in Schedule HC-B, column A, that do not qualify as securitization exposures that qualify for the zero percent risk weight. Such securities may include portions of, but may not be limited to:

- o Item 1, "U.S. Treasury securities,"
- o Item 2, Those obligations "issued by U.S. Government agencies,"
- o Item 4(a)(1), Residential mortgage pass-through securities "Guaranteed by GNMA,"
- o Item 4(b)(1), those other residential mortgage-backed securities issued or guaranteed by U.S. Government agencies, such as GNMA exposures,
- o Item 4(c)(1)(a), those commercial MBS "Issued or guaranteed by FNMA, FHLMC, or GNMA" that represent GNMA securities, and
- o Item 4(c)(2)(a), those commercial mortgage-backed securities (MBS) "Issued or guaranteed by U.S. Government agencies or sponsored agencies" that represent GNMA securities.
- o The portion of any exposure reported in Schedule HC, item 2(a), that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight.
- *In column G-20% risk weight*. The 20 percent risk weight applies to general obligations of U.S. states, municipalities, and U.S. public sector entities. It also applies to exposures to U.S. depository institutions and credit unions, exposures conditionally guaranteed by the U.S. government, as well as exposures to U.S. government-sponsored enterprises. Certain foreign government and foreign bank exposures may qualify as indicated in §.32 of the regulatory capital rules. Include the exposure amounts of securities reported in Schedule HC-B, Column A, that do not qualify as securitization exposures that qualify for the 20 percent risk weight. Such



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## Schedule HC-R

securities may include portions of, but may not be limited to:

- o Item 2, This obligations “issued by U.S. Government-sponsored agencies,”
- o Item 3, “Securities issued by states and political subdivisions in the U.S.” that represent general obligation securities,
- o Item 4(a)(2), Residential mortgage pass-through securities “Issued by FNMA and FHLMC,”
- o Item 4(b)(1), Other residential mortgage-backed securities “Issued or guaranteed by U.S. Government agencies or sponsored agencies,”
- o Item 4(c)(1)(a), those commercial MBS “Issued or guaranteed by FNMA, FHLMC, or GNMA” that represent FHLMC and FNMA securities,
- o Item 4(c)(2)(a), those commercial MBS “Issued or guaranteed by U.S. Government agencies or sponsored agencies” that represent FHLMC and FNMA securities,
- o Item 4(b)(2), Other residential mortgage-backed securities “Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies”, and
- o Any securities categorized as “structured financial products” on Schedule HC-B that are not securitization exposures and qualify for the 20 percent risk weight. Note: Many of the structured financial products would be considered securitization exposures and must be reported in Schedule HC-R, Part II, item 9(a) for purposes of calculating risk weighted assets.
- o The portion of any exposure reported in Schedule HC, item 2(a), that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight.
- *In column H-50% risk weight*, include the exposure amounts of securities reported in Schedule HC-B, column A, that do not qualify as securitization exposures that qualify for the 50 percent risk weight. Such securities may include portions of, but may not be limited to:
  - o Item 3, “Securities issued by states and political subdivisions in the U.S.,” that represent revenue obligation securities,
  - o Item 4(a)(3), “Other pass-through securities,” that represent residential mortgage exposures that qualify for 50 percent risk weight. (Pass-through securities that do not qualify for 50 percent risk weight should be assigned to the 100 percent risk weight category.)
  - o Item 4(b)(2), Other residential mortgage-backed securities “Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies” (excluding portions subject to an FDIC loss-sharing agreement and interest-only securities) that represent residential mortgage exposures that qualify for 50 percent risk weight, and
  - o Item 4(b)(3), “All other residential MBS.” Include only those MBS that qualify for 50 percent risk weight. Refer to §.32(g), (h) and (i) of the regulatory capital rules. Note: do not include MBS portions that are tranching for credit risk; those must be reported as securitization exposures in Schedule HC-R, Part II, item 9(a). Exclude interest-only securities.
  - o The portion of any exposure reported in Schedule HC, item 2(a), that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
- *In column I-100% risk weight*, include the exposure amounts of securities reported in Schedule HC-B, column A, that do not qualify as securitization exposures that qualify for the 100 percent risk weight. Such securities may include portions of, but may not be limited to:
  - o Item 4(a)(3), “Other pass-through securities,” that represent residential mortgage exposures that qualify for the 100 percent risk weight,
  - o Item 4(b)(2), Other residential mortgage-backed securities “Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies” (excludes portions subject to an FDIC loss-sharing agreement), that represent residential mortgage exposures that qualify for the 100 percent risk weight,



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## Schedule HC-R

- o Item 4(b)(3), “All other residential MBS.” Include only those MBS that qualify for the 100 percent risk weight. Refer to §.32(g), (h) and (i) of the regulatory capital rules. (Note: do not include MBS that are tranching for credit risk; those should be reported as securitization exposures in Schedule HC-R, Part II, item 9(a)),
- o Item 4(c)(1)(b), “Other pass-through securities,”
- o Item 4(c)(2)(b), “All other commercial MBS,”
- o Item 5(a), “Asset-backed securities,” and
- o Any securities reported as “structured financial products” in Schedule HC-B, item 5(b), that are not securitization exposures and qualify for the 100 percent risk weight. Note: Many of the structured financial products would be considered securitization exposures and must be reported in Schedule HC-R, Part II, item 9(a), for purposes of calculating risk weighted assets.
- o Also include all other HTM securities that do not qualify as securitization exposures reported in Schedule HC, item 2(a), that are not included in columns C through through J.
- o The portion of any exposure reported in Schedule HC, item 2(a), that is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.
- In column J-150% risk weight, include the exposure amounts of securities reported in Schedule HC-B, column A, that are past due 90 days or more or in nonaccrual status (except sovereign exposures), excluding those portions that are covered by qualifying collateral or eligible guarantees as described in §.37 and §.36, respectively, of the regulatory capital rule.
- Held-to-maturity securities that must be risk-weighted according to the Country Risk Classification (CRC) methodology
  - o *In column C-0% risk weight; column G-20% risk weight; column H-50% risk weight; column I-100% risk weight; column J-150% risk weight. Assign these exposures to risk weight categories based on the CRC methodology*

*described above in the General Instructions for Part II. Include the exposure amounts of those securities reported in Schedule HC-B, column A, that are directly and unconditionally guaranteed by foreign central governments or are exposures to foreign banks that do not qualify as securitization exposure. Such securities may include portions of, but may not be limited to:*

- o Item 4(a)(3), “Other pass-through securities,”
  - o Item 4(b)(3), “All other residential MBS,”
  - o Item 4(c)(1)(b), “Other pass-through securities,”
  - o Item 4(c)(2)(b), “All other commercial MBS,”
  - o Item 5(a), “Asset-backed securities,”
  - o Any securities reported as “structured financial products” in Schedule HC-B, item 5(b), that are not securitization exposure. Note: Many of the structured financial products would be considered securitization exposures and reported in Schedule HC-R, Part II, item 9(a) for purposes of calculating risk weighted assets, and
  - o Item 6(b), “Other foreign debt securities.”
- 2(b) Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading.** For holding companies that have not adopted ASU 2016-01, which includes provisions governing the accounting for investments in equity securities, including investments in mutual funds, and eliminates the concept of available-for-sale (AFS) equity securities (see the Note preceding the instructions for Schedule HC, item 2(c)), report in column A the fair value of AFS debt and equity securities reported in Schedule HC, item 2(b), excluding those AFS securities that qualify as securitization exposures as defined in §.2 of the regulatory capital rules. The fair value of those AFS securities reported in Schedule HC, item 2(b), that qualify as securitization exposures must be reported in Schedule HC-R, Part II, item 9(b), column A. The sum of Schedule HC-R,

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## Schedule HC-R

Part II, items 2(b) and 9(b), column A, must equal Schedule HC, item 2(b).

For holding companies that have adopted ASU 2016-10, report in column A the sum of:

- (1) The fair value of AFS debt securities reported in Schedule HC item 2(b); and
- (2) The fair value of equity securities with readily determinable fair values not held for trading reported in Schedule HC, item 2(c);

excluding those debt and equity securities that qualify as secularization exposures as defined in §.2 of the regulatory capital rules.

Exposure amounts to be used for purposes of risk weighting by a holding company that cannot or has not made the Accumulated Other Comprehensive Income (AOCI) opt-out election in Schedule HC-R, Part I, item 3(a):

For a security reported in Schedule HC-R, Part II, item 2(b), column A where the holding company cannot or has not made the AOCI opt-out election (i.e., most AOCI is included in regulatory capital), the exposure amount to be risk-weighted by holding company is:

- **For debt securities:** the carrying value, which is the value of the asset reported on the balance sheet of the holding company determined in accordance with GAAP (i.e., the fair value of the available-for-sale debt security) and in column A.
- **For equity securities and preferred stock classified as an equity under GAAP:** the adjusted carrying value.

Exposure amounts to be used for purposes of risk weighting by a holding company that has made the AOCI opt-out election in Schedule HC-R, Part I, item 3(a):

For institutions that have not adopted ASU 2016-01, for a security classified as available-for-sale where the holding company has made the AOCI opt-out election (i.e., most AOCI is not included in regula-

tory capital), the exposure amount to be risk weighted by the holding company is:

- **For debt securities:** the carrying value, less any net unrealized gains on the exposure plus any net realized loss on the exposure included in AOCI.
- **For equity securities and preferred stock classified as an equity under GAAP:** the carrying value less any net unrealized gains that are reflected in such carrying value but are excluded from the holding company's regulatory capital components.

For holding companies that have adopted ASU 2016-01, for a security reported in Schedule HC-R, Part II, item 2(b) column A, where the holding company has made the AOCI opt-out election (i.e., most AOCI is not included in regulatory capital), the exposure amount to be risk weighted by the holding company is:

- **For a debt security:** the carrying value, less any unrealized gain on the exposure or plus any unrealized loss on the exposure included in AOCI.
- **For equity securities and preferred stock classified as an equity under GAAP with readily determinable fair values:** the adjusted carrying value.<sup>24</sup>
- *In column B*, a holding company that has made the AOCI opt-out election should include the difference between the fair value and amortized cost of those AFS debt securities that do not qualify as securitization exposures. This difference equals the amounts reported in Schedule HC-B, items 1 through 6, column D, minus items 1 through 6, column C, for those AFS debt securities included in

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24. Adjusted carrying value applies only to equity exposures and is defined in §.51 of the regulatory capital rules. In general, it includes an on-balance sheet amount as well as application of conversion factors to determine on-balance sheet equivalents of any off-balance sheet commitments to acquire equity exposures. For holding companies that cannot or have not made the AOCI opt-out election, the on-balance sheet component is equal to the carrying value. Refer to §.51 for the precise definition.

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## Schedule HC-R

these items that are not securitization exposures.

- o When fair value exceeds cost, report the difference as a positive number in Schedule HC-R, Part II, item 2(b), column B.
- o When cost exceeds fair value, report the difference as a negative number (i.e., with a minus (-) sign) in Schedule HC-R, Part II, item 2(b), column B.
- *In column B*, for a holding company that has made the AOCI opt-out election and has not adopted ASU 2016-01:
  - o 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, Part II, item 2(b), 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, Part I, item 31.

Example: A holding company reports an AFS debt security that is not a securitization exposure on its balance sheet in Schedule HC, item 2(b), at a carrying value (i.e., fair value) of \$105. The amortized cost of the debt security is \$105. The holding company has made the AOCI opt-out election in Schedule HC-R, Part I, item 3(a). The AFS debt security has a \$5 unrealized gain that is included in AOCI. In Schedule HC-R, Part II, item 2(b), the holding company would report:

- o \$105 in column A. This is the carrying value of the AFS debt security on the bank's balance sheet.
- o \$5 in column B. This is the difference between the carrying value (i.e., fair value) of the debt security and its exposure amount that is subject to risk-weighting. For holding companies that has made the AOCI opt-out election, column B will typically represent the amount of the unrealized gain or unrealized loss on the security. Gains are reported as positive numbers; losses as negative numbers. (Note: if the holding company has not made or cannot

make the AOCI opt-out election, there will not be an adjustment to be reported in column B.)

- o \$100 is the exposure amount subject to risk weight loss. This amount will be reported under the appropriate risk weight associated with the exposure (columns C through J). For holding companies that have made AOCI opt-out election, the exposure amount typically will be the carrying value (i.e., fair value) of the debt security excluding any unrealized gain or loss.
- *In column B*, for a holding company that has made the AOCI opt-out election and has adopted ASU 2016-01, no amount should be included for equity securities and preferred stock classified as an equity under GAAP with readily determinable fair values that are reported in Schedule HC-R, Part II, item 2(b), column A.
- *In column B*, include the amount of:
  - o Non-significant investments in the capital of unconsolidated financial institutions that are reported in Schedule HC, item 2(b) (for a holding company that has not adopted ASU 2016-01) or item 2(c) (for a holding company that has adopted ASU 2016-01), and have been deducted from capital in Schedule HC-R, Part I, item 11, item 24, and item 33.
  - o Significant investments in the capital of unconsolidated financial institutions not in the form of common stock that are reported in Schedule HC, item 2(b) (for a holding company that has not adopted ASU 2016-01) or item 2(c) (for a holding company that has adopted ASU 2016-01), and have been deducted from capital in Schedule HC-R, Part I, item 24 and item 33.
  - o Significant investments in the capital of unconsolidated financial institutions in the form of common stock reported Schedule HC, item 2(b) (for a holding company that has not adopted ASU 2016-01) or item 2(c) (for a holding company that has adopted ASU 2016-01), that are subject to the 10 percent and 15 percent common equity tier 1 capital threshold limitations and have been deducted for risk-based capital purposes in Schedule HC-R, Part I, items 13 and 16.

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## Schedule HC-R

- *In column C-0% risk weight*, the zero percent risk weight applies to exposures to the U.S. government, a U.S. government agency, or a Federal Reserve Bank, and those exposures otherwise unconditionally guaranteed by the U.S. government. Include exposures to or unconditionally guaranteed by the FDIC or the NCUA. Certain foreign government exposures and certain entities listed in §.32 of the regulatory capital rules may also qualify for zero percent risk weight. Include the exposure amounts of those debt securities reported in Schedule HC-B, column C, that do not qualify as securitization exposures that qualify for the zero percent risk weight. Such debt securities may include portions of, but may not be limited to:
  - o Item 1, “U.S. Treasury securities,”
  - o Item 2(a), Securities “Issued by U.S. Government agencies,”
  - o Item 4(a)(1), Residential mortgage pass-through securities “Guaranteed by GNMA,”
  - o Portions of item 4(b)(1), Other residential mortgage-backed securities “Issued or guaranteed by U.S. Government agencies or sponsored agencies,” such as GNMA exposures,
  - o Item 4(c)(1)(a), certain portions of commercial MBS “Issued or guaranteed by FNMA, FHLMC, or GNMA” that represent GNMA securities, and
  - o Item 4(c)(2)(a), certain portions of commercial MBS “Issued or guaranteed by U.S. Government agencies or sponsored agencies” that represent GNMA securities.
  - o The portion of any exposure reported in Schedule HC, item 2(b), that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight.
- *In column G-20% risk weight*, the 20 percent risk weight applies to general obligations of U.S. states, municipalities, and U.S. public sector entities. It also applies to exposures to U.S. depository institutions and credit unions, exposures conditionally guaranteed by the U.S. government, as well as exposures to U.S. government sponsored enterprises. Certain foreign government and foreign bank exposures may qualify for the 20 percent risk weight as indicated in §.32 of the regulatory capital rules. Include the exposure amounts of those debt securities reported in Schedule HC-B, Column C, that do not qualify as securitization exposures that qualify for the 20 percent risk weight. Such debt securities may include portions of, but may not be limited to:
  - o Item 2(b), Securities “Issued by U.S. Government-sponsored agencies” (exclude interest-only securities),
  - o Item 3, “Securities issued by states and political subdivisions in the U.S.” that represent general obligation securities,
  - o Item 4(a)(2), Residential mortgage pass-through securities “Issued by FNMA and FHLMC” (exclude interest-only securities),
  - o Item 4(b)(1), Other residential mortgage-backed securities “Issued or guaranteed by U.S. Government agencies or sponsored agencies” (exclude interest-only securities),
  - o Item 4(c)(1)(a), those commercial MBS “Issued or guaranteed by FNMA, FHLMC, or GNMA” that represent FHLMC and FNMA securities (exclude interest-only securities),
  - o Item 4(c)(2)(a), those commercial MBS “Issued or guaranteed by U.S. Government agencies or sponsored agencies” that represent FHLMC and FNMA securities (exclude interest-only securities),
  - o Item 4(b)(2), Other residential mortgage-backed securities “Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies”(exclude interest-only securities), and
  - o Any securities categorized as “structured financial products” on Schedule HC-B that are not securitization exposures and qualify for the 20 percent risk weight. Note: Many of the structured financial products would be considered securitization exposures and must be reported in Schedule HC-R, Part II, item 9(b), for purposes of calculating risk-weighted assets. Exclude interest-only securities.



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## Schedule HC-R

- o The portion of any exposure reported in Schedule HC, item 2(b), that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight.
- *In column H-50% risk weight*, include the exposure amounts of those debt securities reported in Schedule HC-B, column C, that do not qualify as securitization exposures that qualify for the 50 percent risk weight. Such debt securities may include portions of, but may not be limited to:
  - o Item 3, “Securities issued by states and political subdivisions in the U.S.,” that represent revenue obligation securities,
  - o Item 4(a)(3), “Other pass-through securities,” that represent residential mortgage exposures that qualify for the 50 percent risk weight. (Pass-through securities that do not qualify for the 50 percent risk weight should be assigned to the 100 percent risk weight category.)
  - o Item 4(b)(2), Other residential mortgage-backed securities “Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies” (exclude portions subject to an FDIC loss-sharing agreement and interest-only securities) that represent residential mortgage exposures that qualify for the 50 percent risk weight, and
  - o Item 4(b)(3), “All other residential MBS.” Include only those MBS that qualify for the 50 percent risk weight. Refer to §.32(g), (h) and (i) of the regulatory capital rules. Note: do not include MBS that are tranching for credit risk; those should be reported as securitization exposures in Schedule HC-R, Part II, item 9(b). Do not include interest-only securities.
  - o The portion of any exposure reported in Schedule HC, item 2(b), that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
- *In column I-100% risk weight*, include the exposure amounts of debt securities reported in Schedule HC-B, column C, that do not qualify as securitization exposures that qualify for the 100 percent risk weight. Such debt securities may include portions of, but may not be limited to:
  - o Item 4(a)(3), “Other pass-through securities,” that represent residential mortgage exposures that qualify for the 100 percent risk weight,
  - o Item 4(b)(2), Other residential mortgage-backed securities “Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies” (excluding portions subject to an FDIC loss-sharing agreement) that represent residential mortgage exposures that qualify for the 100 percent risk weight,
  - o Item 4(b)(3), “All other residential MBS.” Include only those MBS that qualify for the 100 percent risk weight. Refer to §.32(g), (h) and (i) of the regulatory capital rules. Note: do not include MBS portions that are tranching for credit risk; those should be reported as securitization exposures in Schedule HC-R, Part II, item 9(b).
  - o Item 4(c)(1)(b), “Other pass-through securities,”
  - o Item 4(c)(2)(b), “All other commercial MBS,”
  - o Item 5(a), “Asset-backed securities,”
  - o Any securities reported as “structured financial products” in Schedule HC-B, item 5(b), that are not securitization exposures and qualify for the 100 percent risk weight. Note: Many of the structured financial products would be considered securitization exposures and must be reported in Schedule HC-R, Part II, item 9(b) for purposes of calculating risk weighted assets.
  - o The portion of any exposure reported in Schedule HC, item 2(b), that is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.
  - o All other AFS debt securities that do not qualify as securitization exposures reported in Schedule HC, item 2(b), that are not included in columns C through H, J through N, or R.
  - o Also include in *column I -100% risk weight* the exposure amounts of publicly traded equity exposures with readily determinable fair values and equity exposures to investment funds



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## Schedule HC-R

with readily determinable fair values (including mutual funds), to the extent that the aggregate carrying value of the holding company's equity exposures does not exceed 10 percent of total capital. If the holding company's aggregate carrying value of equity exposures is greater than 10 percent of total capital, the holding company must report the exposure amount of its equity exposures to investments funds (including mutual funds) in column R (and the risk-weighted asset amount of such equity exposures in column S) and the exposure amount of its other equity exposures in either columns L or N, as appropriate.

- o In addition, for non-advanced approaches institutions, include in column I -100% risk weight the portion of Schedule HC, item 2(b) for a bank that has not adopted ASU 2016-01) or item 2(c) (for a holding company that has adopted ASU 2016-01), that represents the adjusted carrying value of exposures that are significant investments in the common stock of unconsolidated financial institutions that are not deducted from capital. For further information on the treatment of equity exposures, refer to §.51 to §.53 of the regulatory capital rules.
- o For non-advanced approaches institutions, include the portion of Schedule HC, item 2.b, and that represents the adjusted carrying value of exposures that are significant investments in the common stock of unconsolidated financial institutions that are not deducted from capital. For further information on the treatment of equity exposures, refer to §.51 to §.53 of the regulatory capital rules.
- *In column J-150% risk weight*, include the exposure amounts of securities reported in Schedule HC-B, column C, that are past due 90 days or more or in nonaccrual status (except sovereign exposures), excluding those portions that are covered by qualifying collateral or eligible guarantees as described in §.37 and §.36, respectively, of the regulatory capital rules.
- *In column K-250% risk weight*, include the portion that does not qualify as a securitization exposure of Schedule HC, item 2(b), (for a holding company that has not adopted ASU 2016-01) or item 2(c) (for a holding company that has adopted ASU 2016-01), that represents the adjusted carrying value of exposures that are significant investments in the common stock of unconsolidated financial institutions that are not deducted from capital. For further information on the treatment of equity exposures, refer to §.51 to §.53 of the regulatory capital rules.
- *In column L-300% risk weight*,
  - o For a holding company that has not adopted ASU 2016-01, for publicly traded AFS equity securities with readily determinable fair values reported in Schedule HC-B, item 7 (except equity securities to investment firms), 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 adjusted carrying value (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, Part I, item 31).
  - o For a holding company that has adopted ASU 2016-01, for publicly traded equity securities with readily determinable fair values reported in Schedule HC item 2(c) (except equity securities to investment firms), include the fair value of these equity securities as reported in Schedule HC, item 2(c).
- *In column N-600% risk weight*,
  - o For a holding company that has not adopted ASU 2016-01, for publicly traded AFS equity securities with readily determinable fair values reported in Schedule HC-B, item 7 (except equity securities to investment firms), 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 adjusted carrying value (as

## Schedule HC-R

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, Part I, item 31).

- o For a holding company that has adopted ASU 2016-01, for equity securities to investment firms with readily determinable fair values reported in Schedule HC item 2(c), include the fair value of these equity securities as reported in Schedule HC, item 2(c).
- *In columns R and S—Application of Other Risk-Weighting Approaches*, include the holding company’s equity exposures to investment funds with readily determinable fair values (including mutual funds) reported in Schedule HC, item 2(b) (for a holding company that has not adopted ASU 2016-01) or item 2(c) (for a holding company that has adopted ASU 2016-01), if the aggregate carrying value of the holding company’s equity exposures is greater than 10 percent of total capital. Report in column R the exposure amount of these equity exposures to investment funds. Report in column S the risk-weighted asset amount of these equity exposures to investment funds as measured under the full look-through approach, the simple modified look-through approach, or the alternative modified look-through approach as described in §.53 of the regulatory capital rules. All three of these approaches require a minimum risk weight of 20 percent. For further information, refer to the discussion of “Treatment of Equity Exposures” in the General Instructions for Schedule HC-R, Part II.
- Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading that must be risk-weighted according to the Country Risk Classification (CRC) methodology:
- *In column C—0% risk weight; column G—20% risk weight; column H—50% risk weight; column I—100% risk weight; column J—150% risk weight. Assign these exposures to risk weight categories based on the CRC methodology described above in the General Instructions for Part II. Include the exposure amounts of those securities reported in Schedule HC, item 2(b) (for a holding com-*

pany that has not adopted ASU 2016-01) or item 2(b) and 2(c) for a holding company that has adopted ASU 2016-01), that are directly and unconditionally guaranteed by foreign central governments or are exposures on foreign banks that do not qualify as securitization exposures. Such securities may include portions of, but may not be limited to:

- o Item 4(a)(3), “Other pass-through securities,”
- o Item 4(b)(3), “All other residential MBS,”
- o Item 4(c)(1)(b), “Other pass-through securities,”
- o Item 4(c)(2)(b), “All other commercial MBS,”
- o Item 5(a), “Asset-backed securities,”
- o Any securities reported as “structured financial products” in Schedule HC-B, item 5(b), that are not securitization exposures. Note: Many structured financial products would be considered securitization exposures and must be reported in Schedule HC-R, Part II, item 9(b) for purposes of calculating risk weighted assets,
- o Item 6(b), “Other foreign debt securities,” and
- o Item 7, “Investments in mutual funds and other equity securities with readily determinable fair values” (for a holding company that has not adopted ASU 2016-01) or Schedule HC, item 2(c), “Equity securities with readily determinable fair values not held for trading,” (for a holding company that has not adopted ASU 2016-01).

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

- 3(a) Federal funds sold (in domestic offices).** Report in column A the amount of federal funds sold reported in Schedule HC, item 3(a), excluding those federal funds sold that qualify as securitization exposures as defined in §.2 of the regulatory capital rules. The amount of those federal funds sold reported in Schedule HC, item 3(a), that qualify as securitization exposures are to be reported in Schedule HC-R, Part II, item 9(d), column A

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## Schedule HC-R

- *In column C - 0% risk weight*, include the portion of Schedule HC, item 3(a), that is directly and unconditionally guaranteed by U.S. Government agencies. Also include the portion of any exposure reported in Schedule HC, item 3(a), that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight.
  - *In column G - 20% risk weight*, include exposures to U.S. depository institution counterparties. Also include the portion of any exposure reported in Schedule HC, item 3(a), that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight.
  - *In column H - 50% risk weight*, include exposures reported in Schedule HC, item 3(a), that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
  - *In column I - 100% risk weight*, include exposures to non-depository institution counterparties that lack qualifying collateral (refer to the regulatory capital rules for specific criteria. Also include the amount of federal funds sold reported in Schedule HC, item 3(a), that are not included in columns C through J. Also include the portion of any exposure reported in Schedule HC, item 3(a), that is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.
  - Federal funds sold that must be risk-weighted according to the Country Risk Classification (CRC) methodology
    - o *In column C-0% risk weight; column G-20% risk weight; column H-50% risk weight; column I-100% risk weight; column J-150% risk weight. Assign these exposures to risk weight categories based on the CRC methodology described above in the General Instructions for Part II. Include:*
    - o The portion of Schedule HC, item 3(a), that is directly and unconditionally guaranteed by foreign central governments and exposures to foreign banks.
- 3(b) Securities purchased under agreements to resell.** Report in columns A and B the amount of securities purchased under agreements to resell (securities resale agreements, i.e., reverse repos) reported in Schedule HC, item 3(b), excluding those securities resale agreements that qualify as securitization exposures as defined in §.2 of the regulatory capital rules. The amount of those securities resale agreements reported in Schedule HC, item 3(b), that qualify as securitization exposures are to be reported in Schedule HC-R, Part II, item 9(d), column A.
- A holding company that has adopted CECL includes in column B the relevant portion (reflected as a negative number) related to all other assets of Schedule HI-B, Part II, Memorandum item 6, “Allowance for credit losses on other financial assets measured at amortized cost,” less Schedule HC-R, part II, Memorandum item 5(c), “Amount of allowances for credit losses on purchased credit-deteriorated assets: Other financial assets measured at amortized cost.” For example, if a firm reports \$100 in Schedule HI-B, Part II, Memorandum item 6, and \$10 in Schedule HC-R, Part II, Memorandum item 5(c), the firm would report (\$90) in this column B.
- Note: for purposes of risk weighting, please distribute on-balance sheet securities purchased under agreements to resell reported in Schedule HC, item 3(b), within the risk weight categories in Schedule HC-R, Part II, item 16, “Repo-style transactions.” Holding companies should report their securities purchased under agreements to resell in item 16 in order for institutions to calculate their exposure, and thus risk-weighted assets, based on master netting set agreements covering repo-style transactions.
- 4 Loans and leases held for sale.** Report in column A of the appropriate subitem the carrying value of loans and leases held for sale (HFS) reported in Schedule HC, item 4(a), excluding those HFS loans and leases that qualify as

# Schedule HC-R

securitization exposures as defined in §.2 of the regulatory capital rules.

The carrying value of those HFS loans and leases reported in Schedule HC, item 4(a), that qualify as securitization exposures must be reported in Schedule HC-R, Part II, item 9(d), column A.

The sum of Schedule HC-R, Part II, items 4(a) through 4(d), column A, plus the carrying value of HFS loans and leases that qualify as securitization exposures and are reported in Schedule HC-R, Part II, item 9(d), column A, must equal Schedule HC, item 4(a).

**4(a) Residential mortgage exposures.** Report in column A the carrying value of loans held for sale (HFS) reported in Schedule HC, item 4(a), that meet the definition of a residential mortgage exposure or a statutory multifamily mortgage<sup>25</sup> in §.2 of the regulatory capital rules. Include in column A the carrying value of:

25. Statutory multifamily mortgage means a loan secured by a multifamily residential property that meets the requirements under Section 618(b)(1) of the Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991 . and that meets the following criteria:

- (1) The loan is made in accordance with prudent underwriting standards:
- (2) The principal amount of the loan at origination does not exceed 80 percent of the value of the property (or 75 percent of the value of the property if the loan is based on an interest rate that changes over the term of the loan) where the value of the property is the lower of the acquisition cost of the property or the appraised (or, if appropriate, evaluated) value of the property:
- (3) All principal and interest payments on the loan must have been made on a timely basis in accordance with the terms of the loan for at least one year prior to applying a 50 percent risk weight to the loan, or in the case where an existing owner is refinancing a loan on the property, all principal and interest payments on the loan being refinanced must have been made on a timely basis in accordance with the terms of the loan for at least one year prior to applying a 50 percent risk weight to the loan:
- (4) Amortization of principal and interest on the loan must occur over a period of not more than 30 years and the minimum original maturity for repayment of principal must not be less than 7 years:
- (5) Annual net operating income (before making any payment on the loan) generated by the property securing the loan during its most recent fiscal year must not be less than 120 percent of the loan's current annual debt service (or 115 percent of current annual debt service if the loan is based on an interest rate that changes over the term of the loan) or, in the case of a cooperative or other not-for-profit housing project, the property must generate sufficient cash flow to provide comparable protection to

- HFS loans secured by first or subsequent liens on 1-4 family residential properties (excluding first or subsequent liens on those that qualify as securitization exposures) that are reported in Schedule HC-C, items 1c(1), 1c(2)(a), and
- HFS loans secured by first or subsequent liens on multifamily residential properties with an original and outstanding amount of \$1 million or less (excluding those that qualify as securitization exposures) that are reported in Schedule HC-C, item 1d, as these HFS loans would meet the regulatory capital rules' definition of residential mortgage exposure.

Exclude from this item:

- HFS loans secured by multifamily residential properties included in Schedule HC-C, item 1d, that do not meet the definition of a

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the institution: and

(6) The loan is not more than 90 days past due, or on nonaccrual.

A loan that meets the requirements of Section 618(b)(1) of the Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991 is a loan:

- (i) secured by a first lien on a residence consisting of more than 4 dwelling units:
- (ii) under which
  - (I) the rate of interest does not change over the term of the loan, (b) the principal obligation does not exceed 80 percent of the appraised value of the property, and (c) the ratio of annual net operating income generated by the property (before payment of any debt service on the loan) to annual debt service on the loan is not less than 120 percent: or
  - (II) the rate of interest changes over the term of the loan, (b) the principal obligation does not exceed 75 percent of the appraised value of the property, and (c) the ratio of annual net operating income generated by the property (before payment of any debt service on the loan) to annual debt service on the loan is not less than 115 percent:
- (iii) under which
  - (I) amortization of principal and interest occurs over a period of not more than 30 years:
  - (II) the minimum maturity for repayment of principal is not less than 7 years: and
    - (III) timely payment of all principal and interest, in accordance with the terms of the loan, occurs for a period of not less than 1 year: and
- (iv) that meets any other underwriting characteristics that the appropriate Federal banking agency may establish, consistent with the purposes of the minimum acceptable capital requirements to maintain the safety and soundness of financial institutions.



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## Schedule HC-R

residential mortgage exposure or a statutory multifamily mortgage and are not securitization exposures, and

- HFS 1-4 family residential construction loans reported in Schedule HC-C, item 1a(1), that are not securitization exposures, which should be reported in Schedule HC-R, Part II, item 4.c or 4.d, as appropriate.
- In column C-0% risk weight, include the portion of any exposure that meets the definition of residential mortgage exposure or statutory multifamily mortgage reported in Schedule HC, item 4(a), that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight. This would include loans collateralized by deposits at the reporting institution.
- In column G-20% risk weight, include the carrying value of the guaranteed portion of HFS Federal Housing Administration (FHA) and Veterans Administration (VA) mortgage loans included in Schedule HC-C, item 1(c)(2)(a). Also include the portion of any exposure that meets the definition of residential mortgage exposure or statutory multifamily mortgage reported in Schedule HC, item 4(a), that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight. This would include the portion of such an exposure covered by an FDIC loss-sharing agreement.
- In column H-50% risk weight, include the carrying value of HFS loans secured by (a) 1-4 family residential properties included in Schedule HC-C, item 1(c)(1) (only include qualifying first mortgage loans), qualifying loans from items Schedule HC-C, 1(c)(2)(a) and 1(d), or those that meet the definition of a *residential mortgage exposure* and qualify for 50 percent risk weight under §.32(g) of the regulatory capital rules. For residential mortgage exposures, the loans must be prudently underwritten, be fully secured by first liens on 1-4 family residential properties (regardless of the original and outstanding amount of the loan) or multifamily residential properties (with an original and

outstanding amount of \$1 million or less), not 90 days or more past due or in nonaccrual status, and have not been restructured or modified (unless modified or restructured solely pursuant to the U.S. Treasury's Home Affordable Mortgage Program (HAMP)). Also include loans that meet the definition of *statutory multifamily mortgage* in §.2 of the regulatory capital rules. Also include the portion of any exposure that meets the definition of *residential mortgage exposure* or reported in Schedule HC, item 4(a), that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.

### Notes:

- 1 Refer to the definition of *residential mortgage exposure* in §.2 of the regulatory capital rules, and refer to the requirements for risk weighting residential mortgage loans in §.32 of the regulatory capital rules.
- 2 A residential mortgage loan may receive a 50 percent risk weight if it meets the qualifying criteria in §.32(g) of the regulatory capital rules:
  - o A property is owner-occupied or rented;
  - o The loan is prudently underwritten including the loan amount as a percentage of the appraised value of the real estate collateral;
  - o The loan is not 90 days or more past due or on nonaccrual;
  - o The loan is not restructured or modified (except for loans restructured solely pursuant to the U.S. Treasury's HAMP).
  - o If the holding company holds the first-lien and junior -lien(s) on a residential mortgage exposure, and no other party holds an intervening lien, the holding company must combine the exposures and treat them as a single first-lien residential mortgage exposure.
- 4 A first lien home equity line (HELOC) may qualify for 50 percent risk weight if



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## Schedule HC-R

it meets the qualifying criteria in §.32(g) listed above.

- 5 A residential mortgage loan of \$1 million or less on a property of more than 4 units may qualify for 50 percent risk weight if it meets the qualifying criteria in §.32(g) listed above.
- *In column I-100% risk weight*, include the carrying value of HFS loans that are residential mortgage exposures reported in Schedule HC, item 4(a), that are not included in columns C, G, H or R. Include HFS loans that are junior lien residential mortgage exposures if the bank does not hold the first lien on the property, except the portion of any junior lien residential mortgage exposure that is secured by collateral or has a guarantee that qualifies for the zero percent, 20 percent, or 50 percent risk weight. Include HFS loans that are residential mortgage exposures that have been restructured or modified, except:
    - Those loans restructured or modified solely pursuant to the U.S. Treasury's HAMP, and
    - The portion of any restructured or modified residential mortgage exposure that is secured by collateral or has a guarantee that qualifies for the zero percent, 20 percent, or 50 percent risk weight.
  - *In columns R and S-Application of Other Risk-Weighting Approaches*, include the portion of any HFS exposure reported in Schedule HC, item 4(a) that meets the definition of *residential mortgage exposure* or *statutory multifamily mortgage* and is secured by qualifying financial collateral that meets the definition of a *securitization exposure* in §.2 of the regulatory capital rules or is a mutual fund only if the holding company chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the simple approach outlined in §.37 of the regulatory capital rules. Under the simple approach, the risk weight assigned to the collateralized portion of the exposure may not be less than 20 percent.

- o Include in column R the carrying value of the portion of an HFS exposure that is secured by the fair value of securitization exposure or mutual fund collateral that meets the general requirements of the simple approach in §.37. In addition, the holding company must apply the same approach to securitization exposure collateral - either the Simplified Supervisory Formula Approach or the Gross-Up Approach - that it applies to determine the risk-weighted asset amounts of its on- and off-balance sheet securitization exposures that are reported in Schedule HC-R, Part II, items 9 and 10.
- o Report in column S the risk-weighted asset amount of the securitization exposure or mutual fund collateral that collateralizes the portion of the HFS exposure secured by such collateral. Any remaining portion of the HFS exposure that is uncollateralized or collateralized by other qualifying collateral would be reported in columns C through I, as appropriate.

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

- 4(b) High volatility commercial real estate exposures.** Report in column A the carrying value of loans held for sale (HFS) reported in Schedule HC, item 4(a), that are high volatility commercial real estate (HVCRE) exposures,<sup>26</sup> including HVCRE exposures that are

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26. High volatility commercial real estate (HVCRE) exposure means a credit facility that, prior to conversion to permanent financing, finances or has financed the acquisition, development, or construction (ADC) of real property, unless the facility finances:

- (1) One- to four-family residential properties; One- to four-family residential properties;
- (2) Real property that:
  - (i.) would qualify as an investment in community development under 12 U.S.C. 338a or 12 U.S.C. 24 (Eleventh), as applicable, or as a “qualified investment” under , and
  - (ii.) is not an ADC loan to any entity described in , unless it is otherwise described in paragraph (1), (2)(i), (3) or (4) of this definition;

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## Schedule HC-R

90 days or more past due or in nonaccrual status:

- *In column C-0% risk weight*, include the portion of any HVCRE exposure included in loans and leases HFS that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight. This would include the portion of HVCRE exposures collateralized by deposits at the reporting institution.
- *In column G-20% risk weight*, include the portion of any HVCRE exposure included in loans and leases HFS that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight. This would include the portion of any HVCRE exposure covered by an FDIC loss-sharing agreement.
- *In column H-50% risk weight*, include the portion of any HVCRE exposure included in loans and leases HFS that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
- *In column I-100% risk weight*, include the portion of any HVCRE exposure included in loans and leases HFS that is secured by

collateral or has a guarantee that qualifies for the 100 percent risk weight.

- *In column J-150% risk weight*, include the carrying value of high volatility commercial real estate exposures, as defined in §.2 of the regulatory capital rules, included in Schedule HC, item 4(a), excluding those portions of the carrying value that are covered by qualifying collateral or eligible guarantees as described in §.37 and §.36, respectively, of the regulatory capital rules.
- *In columns R and S-Application of Other Risk-Weighting Approaches*, include the portion of any HVCRE exposure included in loans and leases HFS reported in Schedule HC, item 4(a), that is secured by qualifying financial collateral that meets the definition of a securitization exposure in §.2 of the regulatory capital rules or is a mutual fund only if the holding company chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the simple approach outlined in §.37 of the regulatory capital rules. Under the simple approach, the risk weight assigned to the collateralized portion of the exposure may not be less than 20 percent.

- o Include in column R the carrying value of the portion of an HFS HVCRE exposure that is secured by the fair value of securitization exposure or mutual fund collateral that meets the general requirements of the simple approach in §.37. In addition, the holding company must apply the same approach to securitization exposure collateral - either the Simplified Supervisory Formula Approach or the Gross-Up Approach - that it applies to determine the risk-weighted asset amounts of its on- and off-balance sheet securitization exposures that are reported in Schedule HC-R, Part II, items 9 and 10.

- o Report in column S the risk-weighted asset amount of the securitization exposure or mutual fund collateral that collateralizes the portion of the HFS exposure

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(3) The purchase or development of agricultural land, which includes all land known to be used or usable for agricultural purposes (such as crop and livestock production), provided that the valuation of the agricultural land is based on its value for agricultural purposes and the valuation does not take into consideration any potential use of the land for non- agricultural commercial development or residential development; or

(4) Commercial real estate projects in which:

- (i.) the loan-to-value ratio is less than or equal to the applicable maximum supervisory loan-to-value ratio in the real estate lending standards at [12 CFR part 208, appendix C];
- (ii.) The borrower has contributed capital to the project in the form of case or unencumbered readily marketable asset (or has paid development expenses out-of-pocket) of at least 15 percent of the real estate's appraised "as completed" value; and

(iii.) The borrower contributed the amount of capital required by paragraph (4)(ii) of this definition before the holding company advances funds under the credit facility, and the capital contributed by the borrower, or internally generated by the project, is contractually required to remain in the project throughout the life of the project. The life of a project concludes only when the credit facility is converted to permanent financing or is sold or paid in full. Permanent financing may be provided by the holding company that provided the ADC facility as long as the permanent financing is subject to the holding company's underwriting criteria for long-term mortgage loans.

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## Schedule HC-R

that is secured by such collateral. Any remaining portion of the HFS exposure that is uncollateralized or collateralized by other qualifying collateral would be reported in columns C through J, as appropriate.

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

**4(c) Exposures past due 90 days or more or on nonaccrual.** Report in column A the carrying value of loans and leases held for sale (HFS) reported in Schedule HC, item 4(a), that are 90 days or more past due or in nonaccrual status according to the requirements set forth in §.32(k) of the regulatory capital rules. Do not include HFS sovereign exposures or HFS residential mortgage exposures, as described in §.32(a) and §.32(g), respectively, that are 90 days or more past due or in nonaccrual status (report such past due and nonaccrual exposures in Schedule HC-R, Part II, item 4(d) and item 4(a), respectively). Also do not include HFS high volatility commercial real estate exposures that are 90 days or more past due or in nonaccrual status (report such exposures in Schedule HC-R, Part II, item 4(b)).

- *In column C-0% risk weight*, include the portion of loans and leases HFS included in Schedule HC, item 4(a), that are 90 days or more past due or in nonaccrual status (except as noted above), that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight. This would include the portion of loans and leases HFS collateralized by deposits at the reporting institution.
- *In column G-20% risk weight*, include the portion of loans and leases HFS included in Schedule HC, item 4(a), that are 90 days or more past due or in nonaccrual status (except as noted above), that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight. This would include the portion of HFS loans covered by an FDIC loss-sharing agreement.

- *In column H-50% risk weight*, include the portion of loans and leases HFS included in Schedule HC, item 4(a), that are 90 days or more past due or in nonaccrual status (except as noted above), that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
- *In column I-100% risk weight*, include the portion of loans and leases HFS included in Schedule HC, item 4(a), that are 90 days or more past due or in nonaccrual status (except as noted above), that is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.
- *In column J-150% risk weight*, include the carrying value of loans and leases HFS included in Schedule HC, item 4(a), that are 90 days or more past due or in nonaccrual status (except as noted above), excluding those portions that are covered by qualifying collateral or eligible guarantees as described in §.37 and §.36, respectively, of the regulatory capital rules.
- *In columns R and S-Application of Other Risk-Weighting Approaches*, include the portion of any loans and leases HFS included in Schedule HC, item 4(a), that are 90 days or more past due or in nonaccrual status (except as noted above), that is secured by qualifying financial collateral that meets the definition of a securitization exposure in §.2 of the regulatory capital rules or is a mutual fund only if the holding company chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the simple approach outlined in §.37 of the regulatory capital rules. Under the simple approach, the risk weight assigned to the collateralized portion of the exposure may not be less than 20 percent.
  - o Include in column R the carrying value of the portion of an HFS loan or lease that is 90 days or more past due or in nonaccrual status that is secured by the fair value of securitization exposure or mutual fund collateral that meets the general requirements of the simple

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## Schedule HC-R

approach in §.37. In addition, the holding company must apply the same approach to securitization exposure collateral - either the Simplified Supervisory Formula Approach or the Gross-Up Approach - that it applies to determine the risk-weighted asset amounts of its on- and off-balance sheet securitization exposures that are reported in Schedule HC-R, Part II, items 9 and 10.

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

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

**4(d) All other exposures.** Report in column A the carrying value of loans and leases held for sale (HFS) reported in Schedule HC, item 4(a), that are not reported in Schedule HC-R, Part II, items 4(a) through 4(c) above:

- *In column C-0% risk weight*, include the carrying value of the unconditionally guaranteed portion of HFS Small Business Administration (SBA) “Guaranteed Interest Certificates” purchased in the secondary market that are included in Schedule HC-C. Also include the portion of any loans and leases HFS that that are not reported in Schedule HC-R, Part II, items 4(a) through 4(c) above, that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight. This would include the portion of loans and leases HFS collateralized by deposits at the reporting institution.
- *In column G-20% risk weight*, include the carrying value of HFS loans to and acceptances of other U.S. depository institutions

that are reported in Schedule HC-C, item 2, plus the carrying value of the guaranteed portion of HFS SBA loans originated and held by the reporting holding company included in Schedule HC-C, 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(d), “Other consumer loans.” Also include the portion of any loans and leases HFS that that are not reported in Schedule HC-R, Part II, items 4(a) through 4(c) above, that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight. This would include the portion of loans and leases HFS covered by FDIC loss-sharing agreements.

- *In column H-50% risk weight*, include the carrying value of HFS loans that meet the definition of presold construction loan in §.2 of the regulatory capital rules that qualify for the 50 percent risk weight. Also include the portion of any loans and leases HFS that that are not reported in Schedule HC-R, Part II, items 4(a) through 4(c) above, that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
- *In column I-100% risk weight*, include the carrying value of HFS loans and leases reported in Schedule HC, item 4(a), that are not included in columns C through J and R. This item would include 1-4 family construction loans reported in Schedule HC-C, item 1(a)(1) and loans secured by multifamily residential properties reported in Schedule HC-C, item 1(d), with an original amount of more than \$1 million. Also include the carrying value of HFS loans that meet the definition of presold construction loan in §.2 of the regulatory capital rules that qualify for the 100 percent risk weight. Also include the portion of any loans and leases HFS that that are not reported in Schedule HC-R, Part II, items 4(a) through 4(c) above, that is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.
- *In columns R and S-Application of Other*



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## Schedule HC-R

*Risk-Weighting Approaches*, include the portion of any HFS loans and leases, including HFS eligible margin loans, reported in Schedule HC, item 4(a), that is secured by qualifying financial collateral that meets the definition of a securitization exposure in §.2 of the regulatory capital rules or is a mutual fund only if the holding company chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the Simple Approach, or the collateral margin approach for eligible margin loans, outlined in §.37 of the regulatory capital rules. Under the Simple Approach, the risk weight assigned to the collateralized portion of the exposure may not be less than 20 percent.

- o Include in column R the carrying value of the portion of such an HFS loan or lease that is secured by the fair value or adjusted fair value of securitization exposure or mutual fund collateral as determined under the Simple Approach or the Collateral Haircut Approach, respectively, however, the holding company must apply the same approach to all eligible margin loans. In addition, if the holding company applies the simple approach, it must apply the same approach to securitization exposure collateral - either the Simplified Supervisory Formula Approach or the Gross-Up Approach - that it applies to determine the risk-weighted asset amounts of its on- and off-balance sheet securitization exposures that are reported in Schedule HC-R, Part II, items 9 and 10.
- o Report in column S the risk-weighted asset amount of the securitization exposure or mutual fund collateral that collateralizes the portion of the HFS exposure that is secured by such collateral. Any remaining portion of the HFS exposure that is uncollateralized or collateralized by other qualifying collateral would be reported in columns C through J, as appropriate.

For further information, see the discussions

of “Treatment of Collateral and Guarantees” and “Risk-Weighted Assets for Securitization Exposures” in the General Instructions for Schedule HC-R, Part II.

- All other HFS loans and leases held for sale that must be risk weighted according to the Country Risk Classification (CRC) methodology
  - o In column C-0% risk weight; column G-20% risk weight; column H-50% risk weight; column I-100% risk weight; column J-150% risk weight. Assign these exposures to risk weight categories based on the CRC methodology described above in the General Instructions for Part II.
  - o The carrying value of other loans and leases held for sale reported in Schedule HC, item 4(a), that are not reported in Schedule HC-R, Part II, items 4(a) through 4(c) above.

- 5** **Loans and leases, held for investment.** Report in column A of the appropriate subitem the carrying value of loans and leases, held for investment, reported in Schedule HC, item 4(b), excluding those loans and leases, held for investment, that qualify as securitization exposures as defined in §.2 of the regulatory capital rules.

The carrying value of those loans and leases, held for investment, that qualify as securitization exposures must be reported in Schedule HC-R, Part II, item 9(d), column A.

The sum of Schedule HC-R, Part II, items 5(a) through 5(d), column A, plus the carrying value of loans and leases, held for investment, that qualify as securitization exposures and are reported in Schedule HC-R, Part II, item 9(d), column A, must equal Schedule HC, item 4(b).

- 5(a)** **Residential mortgage exposures.** Report in column A the carrying value of loans, held for investment, reported in Schedule HC,



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## Schedule HC-R

item 4(b), that meet the definition of a residential mortgage exposure or a statutory multifamily mortgage<sup>27</sup> in §.2 of the regulatory capital rules. Include in column A the carrying value of:

- Loans, held for investment, secured by first or subsequent liens on 1-4 family residential properties (excluding those that qualify as securitization exposures) that are reported in Schedule HC-C, items 1(c)(1), 1(c)(2)(a), and 1(c)(2)(b), and
- Loans, held for investment, secured by first or subsequent liens on multifamily residential properties with an original and outstanding amount of \$1 million or less (excluding those that qualify as securitization exposures) that are reported in Schedule HC-C, item 1(d), as these loans would meet the regulatory capital rules' definition of residential mortgage.

Exclude from this item:

- loans, held for investment, secured by multifamily residential properties included in Schedule HC-C, item 1(d), that do not meet the definition of a residential mortgage exposure or a statutory multifamily mortgage, and
- 1-4 family residential construction loans, held for investment, reported in Schedule HC-C, item 1(a)(1), that are not securitization exposures, which should be reported in Schedule HC-R, Part II, item 5(c) or 5(d), as appropriate.

In column B, a holding company that has adopted CECL includes as a positive number the portion of Schedule HC-R, part II, Memorandum item 5(a), "Amount of allowances for credit losses on purchased credit-deteriorated assets: Loans and leases held for investment" that are applicable to residential mortgage exposures.

- *In column C-0% risk weight*, include the portion of any exposure, net of unearned

income, that meets the definition of residential mortgage exposure or statutory multifamily mortgage reported in Schedule HC-C, item 4(b), that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight. This would include loans and leases, held for investment, collateralized by deposits at the reporting institution.

- *In column G-20% risk weight*, include the carrying value of the guaranteed portion of FHA and VA mortgage loans, net of unearned income, included in Schedule HC-C, item 1(c)(2)(a). Also include the portion of any loan, held for investment, which meets the definition of residential mortgage exposure or statutory multifamily mortgage reported in Schedule HC, item 4(b), that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight. This would include the portion of loans, held for investment, covered by an FDIC loss-sharing agreement.
- *In column H-50% risk weight*, include the carrying value of loans, held for investment, secured by 1-4 family residential properties and by included in Schedule HC-C, item 1(c)(1) (only include qualifying first mortgage loans), qualifying loans from Schedule HC-C, items 1(c)(2)(a) and 1(d), or those that meet the definition of a residential mortgage exposure and qualify for 50 percent risk weight under §.32(g) of the regulatory capital rules. For residential mortgage exposures, the loans must be prudently underwritten, be fully secured by first liens on 1-4 family residential properties (regardless of the original and outstanding amount of the loan) or multifamily residential properties (with an original and outstanding amount of \$1 million or less), not 90 days or more past due or in nonaccrual status, and have not been restructured or modified (unless modified or restructured solely pursuant to the U.S. Treasury's Home Affordable Mortgage Program (HAMP)). Also include loans, held for investment, that meet the definition of

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27. See the instructions for Schedule HC-R, Part II, item 4(a) above for the definition of statutory multifamily mortgage.

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## Schedule HC-R

statutory multifamily mortgage in §.2 of the regulatory capital rules. Also include the portion of any loan, held for investment, which meets the definition of residential mortgage exposure or reported in Schedule HC, item 4(b), that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.

### Notes:

- Refer to the definition of *residential mortgage exposure* in §.2 of the regulatory capital rules and refer to the requirements for risk weighting residential mortgage loans in §.32 of the regulatory capital rules.
- A residential mortgage loan may receive a 50 percent risk weight if it meets the qualifying criteria in § .32(g) of the regulatory capital rules:
  - A property is owner-occupied or rented;
  - The loan is prudently underwritten including the loan amount as a percentage of the appraised value of the real estate collateral;
  - The loan is not 90 days or more past due or on nonaccrual;
  - The loan is not restructured or modified (except for loans restructured solely pursuant to the U.S. Treasury's HAMP).
  - If the holding company holds the first-lien and junior -lien(s) on a residential mortgage exposure, and no other party holds an intervening lien, the holding company must combine the exposures and treat them as a single first-lien residential mortgage exposure.
- A first lien home equity line (HELOC) may qualify for 50 percent risk weight if it meets the qualifying criteria, in § .32(g) listed above.
- A residential mortgage loan of \$1 million or less on a property of more than 4 units may qualify for 50 percent risk weight if it meets the qualifying criteria in § .32(g) listed above.
- *In column I-100% risk weight*, include the carrying value of loans, held for investment, related to residential mortgage exposures reported in Schedule HC, item 4(b), that are not included in columns C, G, H, or R. Include loans, held for investment, that are junior lien residential mortgage exposures if the bank does not hold the first lien on the property, except the portion of any junior lien residential mortgage exposure that is secured by collateral or has a guarantee that qualifies for the zero percent, 20 percent, or 50 percent risk weight. Also include loans, held for investment, that are residential mortgage exposures that have been restructured or modified, except:
  - Those loans restructured or modified solely pursuant to the U.S. Treasury's HAMP, and
  - The portion of any restructured or modified residential mortgage exposure that is secured by collateral or has a guarantee that qualifies for the zero percent, 20 percent, or 50 percent risk weight.
- *In columns R and S-Application of Other Risk-Weighting Approaches*, include the portion of any loan, held for investment, reported in Schedule HC, item 4(b), that meets the definition of residential mortgage exposure or statutory multifamily mortgage, and is secured by qualifying financial collateral that meets the definition of a securitization exposure in §.2 of the regulatory capital rules or is a mutual fund only if the holding company chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the simple approach outlined in §.37 of the regulatory capital rules. Under the simple approach, the risk weight assigned to the collateralized portion of the exposure may not be less than 20 percent.
  - Include in column R the carrying value of the portion of a loan exposure that is secured by the fair value of securitization exposure or mutual fund collateral that meets the general requirements of the simple approach in §.37. In addition, the holding company must apply the same approach to securitization exposure

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## Schedule HC-R

collateral - either the Simplified Supervisory Formula Approach or the Gross-Up Approach - that it applies to determine the risk-weighted asset amounts of its on- and off-balance sheet securitization exposures that are reported in Schedule HC-R, Part II, items 9 and 10.

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

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

**5(b) High volatility commercial real estate exposures.** Report in Column A the portion of the carrying value of loans, held for investment, reported in Schedule HC, item 4(b), that are high volatility commercial real estate exposures (HVCRE),<sup>28</sup> including HVCRE exposures that are 90 days or more past due or in nonaccrual status:

- In column B, a holding company that has adopted CECL includes as a positive number the portion of Schedule HC-R, Part II, Memorandum item 5(a), “Amount of allowances for credit losses on purchased credit deteriorated assets: Loans and leases held for investment” that are applicable to high-volatility commercial real estate exposures.
- *In column C-0% risk weight*, include the portion of any HVCRE exposure included in loans and leases, held for investment, that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight. This would include the portion of HVCRE loans, net of unearned income,

collateralized by deposits at the reporting institution.

- *In column G-20% risk weight*, include the portion of any HVCRE exposure included in loans and leases, held for investment, that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight. This would include the portion of any HVCRE exposure covered by an FDIC loss-sharing agreement.
- *In column H-50% risk weight*, include the portion of any HVCRE exposure included in loans and leases, held for investment, that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
- *In column I-100% risk weight*, include the portion of any HVCRE exposure included in loans and leases, held for investment, that is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.
- *In column J-150% risk weight*, include the carrying value of high volatility commercial real estate exposures, as defined in §.2 of the regulatory capital rules, included in Schedule HC, item 4(b), excluding those portions of the carrying value that are covered by qualifying collateral or eligible guarantees as described in §.37 and §.36, respectively, of the regulatory capital rules.
- *In columns R and S-Application of Other Risk-Weighting Approaches*, include the portion of any HVCRE exposure included in loans and leases, held for investment, reported in Schedule HC, item 4(b), that is secured by qualifying financial collateral that meets the definition of a securitization exposure in §.2 of the regulatory capital rules or is a mutual fund only if the holding company chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the simple approach outlined in §.37 of the regulatory capital rules. Under the simple approach, the risk weight assigned to the

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<sup>28</sup> See instructions for Schedule HC-R, Part II, item 4(b), above for the definition of HVCRE exposure.

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## Schedule HC-R

collateralized portion of the exposure may not be less than 20 percent.

- o Include in column R the carrying value of the portion of an HVCRE exposure that is secured by the fair value of securitization exposure or mutual fund collateral that meets the general requirements of the simple approach in §.37. In addition, the holding company must apply the same approach to securitization exposure collateral - either the Simplified Supervisory Formula Approach or the Gross-Up Approach - that it applies to determine the risk-weighted asset amounts of its on- and off-balance sheet securitization exposures that are reported in Schedule HC-R, Part II, items 9 and 10.
- o Report in column S the risk-weighted asset amount of the securitization exposure or mutual fund collateral that collateralizes the portion of the HVCRE exposure that is secured by such collateral. Any remaining portion of the HVCRE exposure that is uncollateralized or collateralized by other qualifying collateral would be reported in columns C through I, as appropriate.

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

- 5(c) **Exposures past due 90 days or more or on nonaccrual.** Report in column A the carrying value of loans and leases, held for investment, reported in Schedule HC, item 4(b), that are 90 days or more past due or in nonaccrual status according to the requirements set forth in §.32(k) of the regulatory capital rules. Do not include sovereign exposures or residential mortgage exposures, as described in §.32(a) and §.32(g) respectively, that are 90 days or more past due or in nonaccrual status (report such past due and nonaccrual exposures in Schedule HC-R, Part II, items 5(d) and 5(a), respectively). Also do not include

high volatility commercial real estate exposures that are 90 days or more past due or in nonaccrual status (report such exposures in Schedule HC-R, Part II, item 5(b)).

- In column B, a holding company that has adopted CECL includes as a positive number the portion of Schedule HC-R, Part II, Memorandum item 5(a) “Amount of allowances for credit losses on purchased credit-deteriorated assets: Loans and leases held for investment” that are applicable to exposures past due 90 days or more or on nonaccrual.
- *In column C-0% risk weight*, include the portion of loans and leases, held for investment, included in Schedule HC, item 4(b), that are 90 days or more past due or in nonaccrual status (except as noted above), that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight. This would include the portion of loans and leases, net of unearned income, collateralized by deposits at the reporting institution.
- *In column G-20% risk weight*, include the portion of loans and leases, held for investment, included in Schedule HC, item 4(b), that are 90 days or more past due or in nonaccrual status (except as noted above), that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight. This would include the portion of loans and leases, held for investment, covered by an FDIC loss-sharing agreement.
- *In column H-50% risk weight*, include the portion of loans and leases, held for investment, included in Schedule HC, item 4(b), that are 90 days or more past due or in nonaccrual status (except as noted above), that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
- *In column I-100% risk weight*, include the portion of loans and leases, held for investment, included in Schedule HC, item 4(b), that are 90 days or more past due or in nonaccrual status (except as noted above),



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## Schedule HC-R

that is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.

- *In column J-150% risk weight*, include the carrying value of loans and leases, held for investment, included in Schedule HC, item 4(b), that are 90 days or more past due or in nonaccrual status (except as noted above), excluding those portions that are covered by qualifying collateral or eligible guarantees as described in §.37 and §.36, respectively, of the regulatory capital rules.
  - *In columns R and S-Application of Other Risk-Weighting Approaches*, include the portion of any loans and leases, held for investment, included in Schedule HC, item 4(a), that are 90 days or more past due or in nonaccrual status (except as noted above), that is secured by qualifying financial collateral that meets the definition of a securitization exposure in §.2 of the regulatory capital rules or is a mutual fund only if the holding company chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the simple approach outlined in §.37 of the regulatory capital rules. Under the simple approach, the risk weight assigned to the collateralized portion of the exposure may not be less than 20 percent.
    - o Include in column R the carrying value of the portion of a loan or lease, held for investment, that is 90 days or more past due or in nonaccrual status that is secured by the fair value of securitization exposure or mutual fund collateral that meets the general requirements of the simple approach in §.37. In addition, the holding company must apply the same approach to securitization exposure collateral - either the Simplified Supervisory Formula Approach or the Gross-Up Approach - that it applies to determine the risk-weighted asset amounts of its on- and off-balance sheet securitization exposures that are reported in Schedule HC-R, Part II, items 9 and 10.
    - o Report in column S the risk-weighted asset amount of the securitization exposure or mutual fund collateral that collateralizes the portion of the loan or lease held for investment that is secured by such collateral. Any remaining portion of the loan or lease, exposure, that is uncollateralized or collateralized by other qualifying collateral would be reported in columns C through J, as appropriate.
- For further information, see the discussions of “Treatment of Collateral and Guarantees” and “Risk-Weighted Assets for Securitization Exposures” in the General Instructions for Schedule HC-R, Part II.
- 5(d) All other exposures.** Report in column A the carrying value of loans and leases, held for investment, reported in Schedule HC, item 4(b), that are not reported in items 5(a) through 5(c) above:
- *In column C-0% risk weight*, include the carrying value of the unconditionally guaranteed portion of SBA “Guaranteed Interest Certificates” purchased in the secondary market that are included in Schedule HC-C, net of unearned income. Also include the portion of any loans and leases, net of unearned income, not reported in Schedule HC-R, Part II, items 5(a) through 5(c) above, that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight. This would include the portion of loans and leases, held for investment, collateralized by deposits at the reporting institution.
  - *In column G-20% risk weight*, include the carrying value of loans to and acceptances of other U.S. depository institutions, held for investment, that are reported in Schedule HC-C, item 2 (excluding the carrying value of any long-term exposures to non-OECD banks), plus the carrying value, net of unearned income, of the guaranteed portion of SBA loans originated and held by the reporting holding company included



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## Schedule HC-R

in Schedule HC-C, and the carrying value, net of unearned income, of the portion of student loans reinsured by the U.S. Department of Education included in Schedule HC-C, item 6(d), "Other consumer loans." Also include the portion of any loans and leases, held for investment, not reported in Schedule HC-R, Part II, items 5(a) through 5(c) above, that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight. This would include the portion of loans and leases, held for investment, covered by FDIC loss-sharing agreements.

- *In column H-50% risk weight*, include the carrying value of loans and leases, held for investment, that meet the definition of pre-sold construction loan in §.2 of the regulatory capital rules that qualify for the 50 percent risk weight. Also include the portion of any loans and leases, held for investment, not reported in Schedule HC-R, Part II, items 5(a) through 5(c) above, that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
- *In column I-100% risk weight*, include the carrying value of loans and leases, held for investment, reported in Schedule HC, item 4(b), that is not included in columns C through H, J or R (excluding loans that are assigned a higher than 100 percent risk weight, such as HVCRE loans and past due loans). This item would include 1-4 family construction loans and leases, held for investment, reported in Schedule HC-C, item 1(a)(1) and the portion of loans, held for investment, secured by multifamily residential property reported in Schedule HC-C, item 1(d), with an original amount of more than \$1 million. Also include the carrying value of loans and leases, held for investment, that meet the definition of pre-sold construction loan in §.2 of the regulatory capital rules that qualify for the 100 percent risk weight. Also include the portion of any loans and leases, held for investment, not reported in Schedule HC-R, Part II, items 5(a) through 5(c) above, that

is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.

- *In columns R and S-Application of Other Risk-Weighting Approaches*, include the portion of any loans and leases, held for investment, including eligible margin loans, reported in Schedule HC, item 4(b), that is secured by qualifying financial collateral that meets the definition of a securitization exposure in §.2 of the regulatory capital rules or is a mutual fund only if the holding company chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the simple approach, or the collateral margin approach for eligible margin loans, outlined in §.37 of the regulatory capital rules. Under the simple approach, the risk weight assigned to the collateralized portion of the exposure may not be less than 20 percent.
  - o Include in column R the carrying value of the portion of such a loan or lease, held for investment, that is secured by the fair value or adjusted fair value of securitization exposure or mutual fund collateral as determined under the simple approach or the collateral haircut approach, respectively; however, the holding company must apply the same approach for all eligible margin loans. In addition, if the holding company applies the simple approach, it must apply the same approach to securitization exposure collateral - either the Simplified Supervisory Formula Approach or the Gross-Up Approach - that it applies to determine the risk-weighted asset amounts of its on- and off-balance sheet securitization exposures that are reported in Schedule HC-R, Part II, items 9 and 10.
  - o Report in column S the risk-weighted asset amount of the securitization exposure or mutual fund collateral that collateralizes the portion of the loan or lease, held for investment, that is secured by

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## Schedule HC-R

such collateral. Any remaining portion of the loan or lease exposure that is uncollateralized or collateralized by other qualifying collateral would be reported in columns C through J, as appropriate.

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

- All other loans and leases, held for investment, that must be risk weighted according to the Country Risk Classification (CRC) methodology
  - In column C-0% risk weight; column G-20% risk weight; column H-50% risk weight; column I-100% risk weight; column J-150% risk weight. Assign these exposures to risk weight categories based on the CRC methodology described above in the General Instructions for Part II.
  - The carrying value of other loans and leases, held for investment, reported in Schedule HC, item 4(b), that are not reported in Schedule HC-R, Part II, items 5(a) through 5(c) above.

**6 LESS: Allowance for loan and lease losses.** Report in columns A and B the balance of the allowance for loan and lease losses or the allowance for credit losses on loans and leases, as applicable, reported in Schedule HC, item 4(c).

**7 Trading assets.** Report in column A the fair value of trading assets reported in Schedule HC, item 5, excluding those trading assets that are securitization exposures, as defined in §.2 of the regulatory capital rules.

The fair value of those trading assets reported in Schedule HC, item 5, that qualify as securitization exposures must be reported in Schedule HC-R, Part II, item 9.c, column A. The sum of Schedule HC-R, Part II, items 7 and

9(c), column A, must equal Schedule HC, item 5.

If the holding company is subject to the market risk capital rules, include in column B the fair value of all trading assets that are covered positions as defined in Schedule HC-R, Part II, item 27 (except those trading assets that are both securitization exposures and covered positions, which are excluded from column A of this item 7 and are to be reported instead in Schedule HC-R, Part II, item 9(c), column A). The holding company will report its standardized market risk-weighted assets in Schedule HC-R, Part II, item 27.

For holding companies not subject to the market risk capital rule and for those trading assets reported in column A that are held by holding companies subject to the market risk capital rule and do not meet the definition of a covered position:

- *In column B*, if the holding company completes Schedule HC-D, include the fair value of derivative contracts that are reported as assets in Schedule HC-D, item 11. If the 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. Exclude from column B those derivative contracts reported in these items that qualify as securitization exposures. For purposes of risk weighting, include the credit equivalent amounts of these derivatives, determined in accordance with the regulatory capital rules, in the risk weight categories in Schedule HC-R, Part II, items 20 and 21, as appropriate. Do not risk weight these derivatives in this item.

In column B, include the amount of:

- Non-significant investments in the capital of unconsolidated financial institutions that are reported in Schedule HC, item 5, and have been deducted from capital in Schedule HC-R, Part I, item 11, item 24, and item 33.

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## Schedule HC-R

- o Significant investments in the capital of unconsolidated financial institutions not in the form of common stock that are reported in Schedule HC, item 5, and have been deducted from capital in Schedule HC-R, Part I, item 24 and item 33.
- o Significant investments in the capital of unconsolidated financial institutions in the form of common stock reported in Schedule HC, item 5, that are subject to the 10 percent and 15 percent common equity tier 1 capital threshold limitations and have been deducted for risk-based capital purposes in Schedule HC-R, Part I, items 13 and 16.

Also include in column B the fair value of any unsettled transactions (failed trades) that are reported as trading assets in Schedule HC, item 5. For purposes of risk weighting, unsettled transactions are to be reported in Schedule HC-R, Part II, item 22.

- *In column C-0% risk weight*, if the holding company completes Schedule HC-D, include the fair value of those trading assets reported in Schedule HC-D that do not qualify as securitization exposures that qualify for the zero percent risk weight. Such trading assets may include portions of, but may not be limited to:
  - o Item 1, “U.S. Treasury securities”
  - o The portion of the amount reported in item 2 that represents the fair value of securities issued by U.S. Government agencies, and
  - o The portion of the amounts reported in item 4, (column A) that represents the fair value of mortgage-backed securities guaranteed by GNMA.
  - o If the 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 the preceding types of securities. Exclude those trading assets reported in Schedule HC, item 5, that qualify as

securitization exposures and report them in Schedule HC-R, Part II, item 9(c).

- o Also include the portion of the fair value of any trading assets that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight. This would include the portion of trading assets collateralized by deposits at the reporting institution.
- *In column G-20% risk weight*, if the holding company completes Schedule HC-D, include the fair value of those trading assets reported in Schedule HC-D that do not qualify as securitization exposures that qualify for the 20 percent risk weight. Such trading assets may include portions of, but may not be limited to:
  - o The portion of the amount reported in item 2 that represents the fair value of securities issued by U.S. Government-sponsored agencies,
  - o The portion of the amount reported in item 3 that represents the fair value of general obligations issued by states and political subdivisions in the U.S.,
  - o The portion of the amount reported in item 4 that represents the fair value of mortgage-backed securities issued by FNMA and FHLMC,
  - o The fair value of those asset-backed securities, structured financial products, and other debt securities reported in item 5, “Other debt securities,” that represent exposures to U.S. depository institutions,
  - o The portion of the amount reported in item 6(d), “Other loans,” that represents loans to and acceptances of U.S. depository institutions, and
  - o The portion of the amount reported in item 9, “Other trading assets,” that represents the fair value of certificates of deposit.

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## Schedule HC-R

- o If the 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 the preceding types of trading assets. Exclude those trading assets reported in Schedule HC, item 5, that qualify as securitization exposures and report them in Schedule HC-R, Part II, item 9(c).
- o Also include the portion of the fair value of any trading assets that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight. This would include the portion of trading assets covered by FDIC loss-sharing agreements.
- *In column H-50% risk weight*, if the holding company completes Schedule HC-D, include the fair value of those trading assets reported in Schedule HC-D that do not qualify as securitization exposures reported in HC-D that qualify for the 50 percent risk weight. Such trading assets may include portions of, but may not be limited to:
  - o The portion of the amount reported in item 3 that represents the fair value of revenue obligations issued by states and political subdivisions in the U.S., and
  - o The fair value of those mortgage-backed securities reported in item 4, “Mortgage-backed securities.”
  - o If the 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 the preceding types of trading assets. Exclude those trading assets reported in Schedule HC, item 5, that qualify as securitization exposures and report them in Schedule HC-R, Part II, item 9(c).
  - o Also include the portion of the fair value of any trading assets that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
- *In column I-100% risk weight*, if the holding company completes Schedule HC-D, include the fair value of those trading assets reported in Schedule HC-D that do not qualify as securitization exposures that qualify for the 100 percent risk weight. Such trading assets may include portions of, but may not be limited to:
  - o The fair value of those mortgage-backed securities reported in item 4, “Mortgage-backed securities,” and
  - o Item 5, “Other debt securities,” that represent exposures to corporate entities and special purpose vehicles (SPVs).
  - o If the 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 the preceding types of trading assets. Exclude those trading assets reported in Schedule HC, item 5, that qualify as securitization exposures and report them in Schedule HC-R, Part II, item 9(c).
  - o Also include the fair value of significant investments in the capital of unconsolidated financial institutions in the form of common stock held as trading assets that does not exceed the 10 percent and 15 percent common equity tier 1 capital deduction thresholds and are included in capital, as described in §.22 of the regulatory capital rules.<sup>29</sup> Publicly traded equity exposures and equity exposures to investment funds (including mutual funds) reported in Schedule HC, item 5, to the extent that the aggregate carrying value of the holding company’s equity exposures does not exceed 10 percent of total capital. If the holding company’s aggregate carrying value of equity exposures is greater than 10 percent of total capital, the holding company must report

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29. Note: For advanced approaches holding companies this item will become subject to a 250 percent risk weight beginning in 2018. Non-advanced approaches institutions should continue to apply a 100 percent risk weight.

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## Schedule HC-R

- its trading equity exposures in columns L, M, or N, as appropriate.
- o Also include the fair value of trading assets reported in Schedule HC, item 5, that is not included in columns C through N and R. Exclude those trading assets reported in Schedule HC, item 5, that qualify as securitization exposures and report them in Schedule HC-R, Part II, item 9(c).
  - o Also include the portion of the fair value of any trading assets that is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.
  - *In column J-150% risk weight*, include the exposure amounts of trading assets reported in Schedule HC, item 5, that are past due 90 days or more or in nonaccrual status (except sovereign exposures), excluding those portions that are covered by qualifying collateral or eligible guarantees as described in §.37 and §.36, respectively, of the regulatory capital rules.
  - *In column K-250% risk weight*, if the holding company completes Schedule HC-D, include the fair value of those trading assets reported in Schedule HC-D, item 9, that do not qualify as securitization exposures that represent exposures that are significant investments in the common stock of unconsolidated financial institutions that are not deducted from capital. For further information on the treatment of equity exposures, refer to §.51 to .53 of the regulatory capital rules. This risk weight takes effect only for advanced approaches institutions in 2018, and therefore this item is blocked from being completed until that time. Before 2018 all holding companies report such significant investments in the 100 percent risk weight category. If the 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 the preceding types of trading assets.
  - *In column L-300% risk weight*, if the holding company completes Schedule HC-D, include the fair value of those trading assets reported in Schedule HC-D, item 9, that do not qualify as securitization exposures that represent publicly traded equity securities with readily determinable fair values (NOTE: Certain investments in mutual funds reported in Schedule HC-D, item 9, may be risk-weighted using the simple risk-weight and look-through approaches as described in §.51 to .53 of the regulatory capital rules). If the 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 the preceding types of trading assets.
  - *In column M-400% risk weight*, if the bank completes Schedule HC-D, include the fair value of those trading assets reported in Schedule HC-D, item 9, that do not qualify as securitization exposures that represent equity securities (other than those issued by investment firms) that do not have readily determinable fair values. If the bank does not complete Schedule HC-D, include the portion of the amount reported in Schedule HC, item 5, that represents the fair value of the preceding type of trading assets.
  - *In column N-600% risk weight*, if the holding company completes Schedule HC-D, include the fair value of those trading assets reported in Schedule HC-D, item 9, that do not qualify as securitization exposures that represent equity exposures to investment firms. If the 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 the preceding type of trading assets.
  - *In columns R and S-Application of Other Risk-Weighting Approaches*, include the portion of any trading assets reported in Schedule HC, item 5, that is secured by



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## Schedule HC-R

qualifying financial collateral that meets the definition of a securitization exposure in §.2 of the regulatory capital rules or is a mutual fund only if the holding company chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the simple approach outlined in §.37 of the regulatory capital rules. Under the simple approach, the risk weight assigned to the collateralized portion of the exposure may not be less than 20 percent.

- o Include in column R the fair value of the portion of a trading asset that is secured by the fair value of securitization exposure or mutual fund collateral that meets the general requirements of the simple approach in §.37. In addition the holding company must apply the same approach to securitization exposure collateral - either the Simplified Supervisory Formula Approach or the Gross-up Approach - that it applies to determine the risk-weighted asset amounts of its on- and off-balance sheet securitization exposures that are reported in Schedule HC-R, Part II, items 9 and 10.
- o Report in column S the risk-weighted asset amount of the securitization exposure or mutual fund collateral that collateralizes the portion of the trading asset secured by such collateral. Any remaining portion of the trading asset that is uncollateralized or collateralized by other qualifying collateral would be reported in columns C through J.

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

- *In columns R and S-Application of Other Risk-Weighting Approaches*, also include the holding company’s equity exposures to investment funds (including mutual funds) reported as trading assets in Schedule HC, item 5, if the aggregate carrying value of

the holding company’s equity exposures is greater than 10 percent of total capital. Report in column R the exposure amount of these equity exposures to investment funds. Report in column S the risk-weighted asset amount of these equity exposures to investment funds as measured under the full look-through approach, the simple modified look-through approach, or the alternative modified look-through approach as described in §.53 of the regulatory capital rules. All three of these approaches require a minimum risk weight of 20 percent. For further information, refer to the discussion of “Treatment of Equity Exposures” in the General Instructions for Schedule HC-R, Part II.

- Trading assets that must be risk-weighted according to the Country Risk Classification (CRC) methodology
  - o *In column C-0% risk weight; column G-20% risk weight; column H-50% risk weight; column I-100% risk weight; column J-150% risk weight. Assign these exposures to risk weight categories based on the CRC methodology described above in the General Instructions for Part II.* Include the portions of those exposures reported in Schedule HC-D that are directly and unconditionally guaranteed by foreign central governments or are exposures on foreign banks that do not qualify as securitization exposures. Such exposures may include portions of, but may not be limited to:
    - o The fair value of those mortgage-backed securities reported in Schedule HC-D, item 4, “Mortgage-backed securities,” and
    - o Other debt securities reported in Schedule HC-D item 5, “Other debt securities,” issued by foreign banks and foreign sovereign units.
    - o If the 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

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## Schedule HC-R

of the preceding types of trading assets. Exclude those trading assets reported in Schedule HC, item 5, that qualify as securitization exposures and report them in Schedule HC-R, Part II, item 9(c).

- 8** **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, “Intangible assets;” and item 11, “Other assets,” excluding those assets reported in Schedule HC, items 6 through 11, that qualify as securitization exposures as defined in §.2 of the regulatory capital rules. The amount of those assets reported in Schedule HC, items 6 through 11, that qualify as securitization exposures must be reported in Schedule HC-R, Part II, item 9(d), column A.

The sum of Schedule HC-R, Part II, item 8, columns B through R (including items 8(a) and 8(b), column R), must equal Schedule HC-R, Part II, item 8, column A. Amounts reported in Schedule HC-R, Part II items 8(a) and 8(b), column R, should not also be reported in Schedule HC-R Part II, item 8 column R.

Treatment of Defined Benefit Postretirement Plan Assets - Applicable Only to Holding Companies That Have Made the Accumulated Other Comprehensive Income (AOCI) Opt-Out Election in Schedule HC-R, Part I, item 3(a)

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”), the institution should adjust the asset amount reported in column A of this item for any amounts included in Schedule HC, item 26(b), “Accu-

mulated other comprehensive income”, 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, Part I, item 9(d)) 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 I. 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:
  - o Any goodwill reported in Schedule HC-M, item 12(b) without regard to any associated DTLs;
  - o Intangible assets (other than goodwill and mortgage servicing assets (MSAs)), reported as a deduction from common equity tier 1 capital in Schedule HC-R, Part I, item 7 without regard to any associated DTLs;
  - o Deferred tax assets (DTAs) that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances and net of DTLs reported in Schedule HC-R, Part I, item 8; as well as the amount of such DTAs that are deducted from additional tier 1 capital in Schedule HC-R, Part I, item 24, or

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## Schedule HC-R

from common equity tier 1 capital in Schedule HC-R, Part I, item 17, during the transition period;

- o The fair value of over-the-counter derivative contracts (as defined in §.2 of the regulatory capital rules) and derivative contracts that are cleared transactions (as described in §.2 of the regulatory capital rules) that are reported as assets in Schedule HC, item 11 (holding companies should risk weight the credit equivalent amount of these derivative contracts in Schedule HC-R, Part II, item 20 or 21, as appropriate);

Note: The fair value of derivative contracts reported as assets in Schedule HC, item 11, that are neither over-the-counter derivative contracts nor derivative contracts that are cleared transactions under §.2 of the regulatory capital rules should not be reported in column B. Such derivative contracts include written option contracts, including so-called “derivative loan commitments,” i.e., a lender’s commitment to originate a mortgage loan that will be held for resale. The fair value of such derivative contracts should be reported in the appropriate risk-weight category in this item 8.

- o Non-significant investments in the capital of unconsolidated financial institutions that are reported in Schedule HC, item 8 or item 11, and have been deducted from capital in Schedule HC-R, Part I, item 11, item 24, and item 33.
- o Significant investments in the capital of unconsolidated financial institutions not in the form of common stock that are reported in Schedule HC, item 8 or item 11, and have been deducted from capital in Schedule HC-R, Part I, item 24, and item 33.
  - Significant investments in the capital of unconsolidated financial institutions in the form of common stock;

- Mortgage servicing assets; and
- DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances; and

- o The holding company’s investments in unconsolidated banking and finance subsidiaries that are reported in Schedule HC, item 8, and have been deducted for risk-based capital purposes in Schedule HC-R, Part I, item 33; and
- o Unsettled transactions (failed trades) that are reported as “Other assets” in Schedule HC, item 11. For purposes of risk weighting, unsettled transactions are to be reported in Schedule HC-R, Part II, item 22.

A holding company that has adopted CECL includes the relevant portion (reflected as a negative number) related to all other assets of Schedule HI-B, Part II, Memorandum item 6, “Allowance for credit losses on other financial assets measured at amortized cost,” less Schedule HC-R, part II, Memorandum item 5(c), “Amount of allowances for credit losses on purchased credit deteriorated assets: Other financial assets measured at amortized cost.” For example, if a firm reports \$100 in Schedule HI-B, Part II, Memorandum item 6, and \$10 in Schedule HC-R, part II, Memorandum item 5(c), the firm would report (\$90) in this column B.

- o A holding company that has elected to apply the CECL transition provision (electing holding company) subtracts its applicable DTA transitional amount from temporary difference DTAs, in accordance with section 301 of the regulatory capital rules. Specifically, an electing institution reduces its temporary difference DTAs by seventy-five percent of its DTA transitional amount during the first year of the transition period, fifty percent of its DTA transitional amount

## Schedule HC-R

during the second year of the transition period, and twenty-five percent of its DTA transitional amount during the third year of the transition period.

Report as a negative number in column B the amount of default fund contributions in the form of commitments made by a clearing member to a central counterparty's mutualized loss sharing arrangement.

- In column C-0% risk weight, include:
  - o The carrying value of Federal Reserve Bank stock included in Schedule HC-F, item 4;
  - o Accrued interest receivable on assets included in the zero percent risk weight category (column C of Schedule HC-R, Part II, items 1 through 7);
  - o The carrying value of gold bullion not held for trading that is held in the holding company's own vault or in another holding company's or bank's vault on an allocated basis, and exposures that arise from the settlement of cash transactions (such as equities, fixed income, spot foreign exchange, and spot commodities) with a central counterparty where there is no assumption of ongoing credit risk by the central counterparty after settlement of the trade and associated default fund contributions; and
  - o The portion of assets reported in Schedule HC, items 6 through 11, that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight. This would include the portion of these assets collateralized by deposits in the reporting institution.
- In column G-20% risk weight, include:
  - o The carrying value of Federal Home Loan Bank stock included in Schedule HC-F, item 4;
  - o Accrued interest receivable on assets included in the 20 percent risk weight category (column G of Schedule HC-R, Part II, items 1 through 7);
- o The portion of customers' acceptance liability reported in Schedule HC, item 11, that has been participated to other depository institutions; and
- o The portion of assets reported in Schedule HC, items 6 through 11, that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight. This would include the portion of these assets covered by FDIC loss-sharing agreements.
- In column H-50% risk weight, include accrued interest receivable on assets included in the 50 percent risk weight category (column H of Schedule HC-R, Part II, items 1 through 7). Also include the portion of assets reported in Schedule HC, items 6 through 11, that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
- In column I-100% risk weight, include:
  - o Accrued interest receivable on assets included in the 100 percent risk weight category (column I of Schedule HC-R, Part II, items 1 through 7);
  - o The amount of all other assets reported in column A that is not included in columns B through N or R.
  - o The amounts of items that do not exceed the 10 percent and 15 percent common equity tier 1 capital deduction thresholds and are included in capital, as described in §.22 of the regulatory capital rules. These amounts pertain to three items:<sup>30</sup>
    - Significant investments in the capital of unconsolidated financial institutions in the form of common stock;
    - Mortgage servicing assets; and

30. Note: For advanced approaches institutions, these items will become subject to a 250 percent risk weight beginning in 2018. Non-advanced approaches institutions should continue to apply a 100 percent risk weight.

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## Schedule HC-R

- DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances.
  - o Publicly traded equity exposures, equity exposures without readily determinable fair values, and equity exposures to investment funds, to the extent that the aggregate carrying value of the holding company's equity exposures does not exceed 10 percent of total capital. If the holding company's aggregate carrying value of equity exposures is greater than 10 percent of total capital, the holding company must report its equity exposures reported in Schedule HC, items 6 through 11 in either columns L, M, or N, as appropriate; and
  - o The portion of assets reported in Schedule HC, items 6 through 11, that is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.
  - In column J-150% risk weight, include accrued interest receivable on assets included in the 150 percent risk weight category (column J of Schedule HC-R, Part II, items 1 through 7). Also include the portion of assets reported in Schedule HC, items 6 through 11, that is secured by collateral or has a guarantee that qualifies for the 150 percent risk weight.
  - In column K-250% risk weight, include the amounts of items that do not exceed the 10 percent and 15 percent common equity tier 1 capital deduction thresholds and are included in capital, as described in §.22 of the regulatory capital rules. These amounts pertain to three items:
    - o Significant investments in the capital of unconsolidated financial institutions in the form of common stock;
    - o MSAs; and
    - o DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances.
- This risk weight takes effect for advanced approaches institutions in 2018, and therefore this item is blocked from being completed until that time. Before 2018, all holding companies report such significant investments in the 100 percent risk weight category.
- In column L-300% risk weight, include the fair value of publicly traded equity securities with readily determinable fair values that are reported in Schedule HC, items 8 and 9.
  - In column M-400% risk weight, include the historical cost of equity securities (other than those issued by investment firms) that do not have readily determinable fair values that are reported in Schedule HC-F, item 4.
  - In column N-600% risk weight, include the historical cost of equity securities issued by investment firms that do not have readily determinable fair values that are reported in Schedule HC-F, item 4.
  - In columns R and S of item 8-Application of Other Risk-Weighting Approaches, include the portion of any asset reported in Schedule HC, items 6 through 11, (except separate account bank-owned life insurance and default fund contributions to central counterparties, which are to be reported in columns R and S of item 8(a) and 8(b) respectively), that is secured by qualifying financial collateral that meets the definition of a securitization exposure in §.2 of the regulatory capital rules or is a mutual fund only if the holding company chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the simple approach outlined in §.37 of the regulatory capital rules. Under the simple approach, the risk weight assigned to the collateralized portion of the exposure may not be less than 20 percent.
    - o Include in column R the carrying value



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## Schedule HC-R

of the portion of an asset that is secured by the fair value of securitization exposure or mutual fund collateral that meets the general requirements of the simple approach in §.37.

- o In addition, the holding company must apply the same approach to securitization exposure collateral - either the Simplified Supervisory Formula Approach or the Gross-up Approach - that it applies to determine the risk-weighted asset amounts of its on- and off-balance sheet securitization exposures that are reported in Schedule HC-R, Part II, items 9 and 10.
- o Report in column S the risk-weighted asset amount of the securitization exposure or mutual fund collateral that collateralizes the portion of the asset secured by such collateral. Any remaining portion of the asset that is uncollateralized or collateralized by other qualifying collateral would be reported in columns C through J.

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

- *In columns R and S of item 8-Application of Other Risk-Weighting Approaches*, also include the holding company’s equity exposures to investment funds (including mutual funds) reported in Schedule HC, item 8 or 11 (except separate account bank-owned life insurance and default fund contributions to central counterparties, which are to be reported in columns R and S of item 8(a) and 8(b) respectively), if the aggregate carrying value of the holding company’s equity exposures is greater than 10 percent of total capital. Report in column R the exposure amount of these equity exposures to investment funds. Report in column S the risk-weighted asset amount of these equity exposures to investment funds as measured under the full look-through

approach, the simple modified look-through approach, or the alternative modified look-through approach as described in §.53 of the regulatory capital rules. All three of these approaches require a minimum risk weight of 20 percent. For further information, refer to the discussion of “Treatment of Equity Exposures” in the General Instructions for Schedule HC-R, Part II.

- *In columns R and S of item 8.a-Separate Account Bank-Owned Life Insurance*, include the holding company’s investments in separate account life insurance products, including hybrid separate account life insurance products. Exclude from columns R and S any investment in bank-owned life insurance that is solely a general account insurance product (report such general account insurance products in column I-100 percent risk weight). Report in column R the carrying value of the holding company’s investments in separate account life insurance products, including hybrid separate account products. Report in column S the risk-weighted asset amount of these insurance products. When a holding company has a separate account policy, the portion of the carrying value that represents general account claims on the insurer, including items such as deferred acquisition costs (DAC) and mortality reserves realizable as of the balance sheet date and any portion of the carrying value attributable to a Stable Value Protection (SVP) contract, these amounts should be risk weighted at the 100 percent risk weight as claims on the insurer or the SVP provider. The remaining portion of the investment in separate account life insurance products is an equity exposure to an investment fund that should be measured under the full look-through approach, the simple modified look-through approach, or the alternative modified look-through approach, all three of which require a minimum risk weight of 20 percent. For further information, refer to the discussion of “Treatment

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## Schedule HC-R

of Equity Exposures” in the General Instructions for Schedule HC-R, Part II.

- *In columns R and S of item 8.b-Default Fund Contributions to Central Counterparties*

Note: Item 8(b) only applies to holding companies that are clearing members, and therefore will not be applicable to the vast majority of holding companies. Holding companies must report the aggregate on-balance sheet amount of default fund contributions to central counterparties (CCPs) in column A. Holding companies must report the aggregate off-balance sheet amount, if any, of default fund contributions to central counterparties as a negative amount in column B of item 8. Holding companies must report the aggregate on- and off-balance sheet amount of such contributions in column R. See §.35(d) of the regulatory capital rules for more details.

Clearing Member holding companies must report in column S the total amount of risk-weighted assets (RWAs) for a clearing member holding company’s default fund contributions to central counterparties. This will be the sum of:

- o Component A: the sum of risk-weighted assets for a clearing member holding company’s default fund contributions to all non-qualifying CCPs; and,
- o Component B: the sum of risk-weighted assets for a clearing member holding company’s default fund contributions to all qualifying central counterparties (QCCPs).

Report the sum of Components A and B in Schedule HC-R, Part II, item 8(b), column S.

*Component A: risk-weighted asset amount for default fund contributions to non-qualifying CCPs*

As required by §.35(d)(2) of the regulatory capital rules, a clearing member holding company’s risk-weighted asset amount for

default fund contributions to CCPs that are not QCCPs equals the sum of such default fund contributions multiplied by 1,250 percent, or an amount determined by the holding company’s federal supervisor based on factors such as size, structure and membership characteristics of the CCP and riskiness of its transactions, in cases where such default fund contributions may be unlimited. Therefore, unless otherwise advised by its supervisor or through agency-issued guidance, a holding company will sum each of its non-QCCP default fund contributions, and multiply the total by 1,250 percent, and add any additional risk-weighted asset amount determined by the agency, if any. This will be Component A above.

*Component B: risk-weighted asset amount for default fund contributions to QCCPs*

§.35(d)(3) of the regulatory capital rules provides two methods to determine the capital requirement for a clearing member holding company’s default fund contributions to a QCCP. A clearing member holding company may use either method. A clearing member holding company’s risk-weighted asset amount for default fund contributions to a QCCP equals the sum of its capital requirement, KCM, for each QCCP as calculated under Method 1 multiplied by 1,250 percent, or under Method 2.

Method 1: The holding company calculates the capital charge for a clearing member in a 3-step process, depending on the funded status of the QCCP. The process is summarized briefly below:

- Step 1: The holding company must calculate the hypothetical capital requirement of all the trades conducted through the QCCP as if the QCCP were a bank. This depends on the type of trade and netting sets with each counterparty. Alternately, the QCCP may provide this number to the clearing member.
- Step 2: The holding company compares

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## Schedule HC-R

the hypothetical capital requirement (calculated in Step 1) to the funded default fund of the QCCP to include the internally funded resources of the QCCP. This step determines the aggregate capital requirement for all clearing members assuming a default of two average clearing members.

- Step 3: The aggregate capital requirement of all clearing members (assuming the default of two members) is then allocated back to the individual clearing member firm and converted to a risk-weighted asset amount.

Using the 3-step process and formulas provided in the regulatory capital rules, the holding company will determine a dollar capital requirement for its default fund contribution for each QCCP ( $K_{CMi}$ ). The holding company must then multiply each  $K_{CMi}$  by 1,250 percent to calculate the risk-weighted asset amount. The holding company must sum the RWAs calculated for each QCCP default fund contribution to produce a total RWA amount for all QCCP default fund contributions for which the holding company uses this method. For example, the total RWA amount for a holding company with default fund contributions to two QCCPs will be the sum of  $K_{CMi}$  for QCCP A and  $K_{CMi}$  for QCCP B. This sum will be included in Component B above for all QCCPs for which the holding company uses method 1.

**Method 2:** Under Method 2, the risk weighted assets for a clearing member's default fund contribution is the minimum of:

- 1,250 percent times the holding company's funded contributions to the QCCP default fund, or,
- 18 percent times the total trade exposures of the member to the QCCP.

A holding company will make this calculation for each QCCP for which it uses Method 2. The sum of RWAs for all QCCP

contributions for which the holding company uses Method 2 will be included in Component B above.

- The portion of Schedule HC, items 6 through 11, that must be risk-weighted according to the Country Risk Classification (CRC) methodology:
  - *In column C-0% risk weight; column G-20% risk weight; column H-50% risk weight; column I-100% risk weight; column J-150% risk weight. Assign these exposures to risk weight categories based on the CRC methodology described above in the General Instructions for Part II. Include the portions of those exposures described above in the instructions for Schedule HC-R, Part II, item 8 that are exposures on sovereigns or foreign banks that do not qualify as securitization exposures.*

- 9 **On-balance sheet securitization exposures.** When determining the amount of risk-weighted assets for securitization exposures, holding companies that are not subject to the market risk capital rule may elect to use either the Simplified Supervisory Formula Approach (SSFA) or the Gross-Up Approach, as described above and in §.41 to 45 of the regulatory capital rules. However, such holding companies must use the SSFA or Gross-Up Approach consistently across all securitization exposures (Schedule HC-R, Part II, items 9(a) through 10). Holding companies may risk weight any individual securitization exposure at 1,250 percent in lieu of applying the SSFA or Gross-Up Approach to that individual exposure.

Holding companies subject to the market risk capital rule must use the SSFA when determining the amount of risk-weighted assets for securitization exposures.

For further information, refer to the discussion of "Risk-Weighted Assets for Securitization Exposures" in the General Instructions for Schedule HC-R, Part II.

## Schedule HC-R

- 9(a) **Held-to-maturity securities.** Report in column A the amount of held-to-maturity (HTM) securities reported in Schedule HC, item 2(a), that qualify as securitization exposures as defined in §.2 of the regulatory capital rules. Refer to the instructions for Schedule HC-R, Part II, item 2(a), for a summary of the reporting locations of HTM securitization exposures.

Exposure amount to be used for purposes of risk weighting - holding company cannot or has not made the Accumulated Other Comprehensive Income (AOCI) opt-out election in Schedule HC-R, Part I, item 3(a):

For a security classified as held-to-maturity where the holding company cannot or has not made the AOCI opt-out election (i.e., most AOCI is included in regulatory capital), the exposure amount to be risk weighted by the holding company is the carrying value of the security, which is the value of the asset reported on the balance sheet of the holding company determined in accordance with GAAP and in column A.

Exposure amount to be used for purposes of risk weighting - holding company has made the AOCI opt-out election in Schedule HC-R, Part I, item 3(a):

For a security classified as held-to-maturity where the holding company has made the AOCI opt-out election (i.e., most AOCI is not included in regulatory capital), the exposure amount to be risk weighted by the holding company is the carrying value of the security reported on the balance sheet of the holding company and in column A, less any net unrealized gains on the exposure, plus any net realized loss on the exposure included in AOCI.

- *In column B*

- o If an HTM securitization exposure will be risk-weighted by using the 1,250 percent risk weight approach, report any difference between the carrying value of the HTM securitization exposure reported in column A of this item and the exposure amount of the HTM secu-

ritization exposure that is to be risk weighted.

- o If an HTM securitization exposure will be risk-weighted using either the SSFA or the Gross-Up Approach, report the carrying value of the HTM securitization exposure reported in column A of this item.

A holding company that has adopted CECL includes the relevant portion (reflected as a negative number) related to securitization exposures of Schedule HI-B, Part II, item 7, Column B, balance end of current period for HTM Securities, less Schedule HC-R, part II, Memorandum item 5(b), “Amount of allowances for credit losses on purchased credit deteriorated assets: Held-to-maturity securities.” For example, if a firm reports \$100 in HI-B, Part II, item 7, Column B, and \$10 in Schedule HC-R, part II, Memorandum item 5(b), the firm would report (\$90) in this column B.

- *In column Q*, report the exposure amount of those HTM securitization exposures that are assigned a 1,250 percent risk weight (i.e., those HTM securitization exposures for which the risk-weighted asset amount is not calculated using the SSFA or the Gross-Up Approach).
- *In column T*, report the risk-weighted asset amount (not the exposure amount) of those HTM securitization exposures for which the risk-weighted asset amount is calculated using the SSFA, as described above in the General Instructions for Part II and in §.41 to §.45 of the regulatory capital rules.
- *In column U*, report the risk-weighted asset amount (not the exposure amount) of HTM securitization exposures for which the risk-weighted asset amount is calculated using the Gross-Up Approach, as described above in the General Instructions for Schedule HC-R, Part II, and in §.41 to §.45 of the regulatory capital rules.

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## Schedule HC-R

- 9(b) Available-for-sale securities.** Report in column A the fair value of those available-for-sale (AFS) securities reported in Schedule HC, item 2(b), that qualify as securitization exposures as defined in §.2 of the regulatory capital rules. Refer to the instructions for Schedule HC-R, Part II, item 2(b), for a summary of the reporting locations of AFS securitization exposures.

Exposure amount to be used for purposes of risk weighting - holding company that cannot or has not made the Accumulated Other Comprehensive Income (AOCI) opt-out election in Schedule HC-R, Part I, item 3(a):

For an AFS debt security that is a securitization exposure where the holding company cannot make or has not made the AOCI opt-out election (i.e., most AOCI is included in regulatory capital), the exposure amount of the AFS securitization exposure to be risk weighted by the holding company is the carrying value of the debt security, which is the value of the asset reported on the balance sheet of the holding company (Schedule HC, item 2(b)) determined in accordance with GAAP (i.e., the fair value of the available-for-sale debt security) and in column A of this item.

Exposure amount to be used for purposes of risk weighting - holding company has made the AOCI opt-out election in Schedule HC-R, Part I, item 3(a):

For an AFS debt security that is a securitization exposure where the holding company has made the AOCI opt-out election (i.e., most AOCI is not included in regulatory capital), the exposure amount of the AFS securitization exposure to be risk weighted by the holding company is the carrying value of the debt security, less any unrealized gain on the exposure plus any unrealized loss on the exposure included in AOCI.

- *In column B*

- o If an AFS securitization exposure will be risk weighted using the 1,250 percent risk weight approach, a holding company that has made the AOCI opt-out

election should include the difference between the fair value and amortized cost of those AFS debt securities that qualify as securitization exposures. This difference equals the amounts reported in Schedule HC-B, items 4 and 5, column D, minus items 4 and 5, column C, for those AFS debt securities included in these items that are securitization exposures. When fair value exceeds cost, report the difference as a positive number in Schedule HC-R, Part II, item 9(b), column B. When cost exceeds fair value, report the difference as a negative number (i.e., with a minus (-) sign) in Schedule HC-R, Part II, item 9(b), column B.

- o If an AFS securitization exposure will be risk weighted using either the SSFA or the Gross-Up Approach, a holding company should report carrying value of the AFS securitization exposure reported in column A of this item.
- *In column Q*, report the exposure amount of those AFS securitization exposures that are assigned a 1,250 percent risk weight (i.e., those AFS securitization exposures for which the risk-weighted asset amount is not calculated using the SSFA or the Gross-Up Approach).
- *In column T*, report the risk-weighted asset amount (not the exposure amount) of those AFS securitization exposures for which the risk-weighted asset amount is calculated using the SSFA, as described above in the General Instructions for Schedule HC-R Part II and in §.41 to 45 of the regulatory capital rules.
- *In column U*, report the risk-weighted asset amount (not the exposure amount) of those AFS securitization exposures for which the risk-weighted asset amount is calculated using the Gross-Up Approach, as described above in the General Instructions for Schedule HC-R, Part II, and in §.41 to §.45 of the regulatory capital rules.



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## Schedule HC-R

Example 1: A holding company reports an AFS securitization exposure on its balance sheet in Schedule HC, item 2(b), at a carrying value (i.e., fair value) of \$105. The amortized cost of the AFS securitization exposure is \$100. The AFS securitization exposure has a \$5 unrealized gain that is included in AOCI. The holding company would report has made the AOCI opt-out election in Schedule HC-R, Part I, item 3(a). The AFS securitization exposure will be risk weighted using the 1,250 percent risk weight approach. The holding company would report in Schedule HC-R, Part II, item 9(b):

- \$105 in Column A. This is the carrying value of the AFS securitization exposure on the holding company's balance sheet.
- \$5 in Column B. This is the difference between the carrying value (i.e., fair value) of the AFS securitization exposure and its exposure amount that is subject to risk-weighting. For a holding company that has made the AOCI opt-out election, column B will typically represent the amount of unrealized gain or unrealized loss on a securitization exposure. Gains are reported as positive numbers; losses as negative numbers. (Note: if the holding company has not made or cannot make the AOCI opt-out election, there will not be an adjustment to be reported in column B.)
- \$100 is the exposure amount subject to risk-weighting. This amount will be reported in item 9(b), column Q - 1,250 percent risk weight. For a holding company that has made the AOCI opt-out election, the exposure amount typically will be the carrying value (i.e., fair value) of the AFS securitization exposure excluding any unrealized gain or loss.

Example 2: A holding company reports an AFS securitization exposure on its balance sheet in Schedule HC, item 2(b), at a carrying value (i.e., fair value) of \$105. The AFS securitization exposure has a \$5 unrealized gain that is included in AOCI. The holding company has made the AOCI opt-out election

in Schedule HC-R, Part I, item 3(a). The AFS securitization exposure will be risk weighted using the Gross-Up Approach and it is assigned a 900 percent risk weight using this approach. The holding company would report in Schedule HC-R, Part II, item 9(b):

- \$105 in Column A. This is the carrying value of the AFS securitization exposure on the holding company's balance sheet.
  - \$105 in Column B. When the Gross-Up Approach is being used, the carrying amount of the AFS securitization exposure on the holding company's balance sheet is to be reported in column B. Because the holding company has made the AOCI opt-out election, the \$105 carrying amount consists of two components: (i) \$100 is the exposure amount subject to risk-weighting at 900 percent, and (ii) \$5 is difference between the carrying value and the exposure amount that is subject to risk-weighting.
  - \$900 reported in Column U. This is the risk-weighted asset amount of the AFS securitization exposure. This amount (\$900) will be reported in item 9(b), column U - Gross-Up. (Note: \$900 is the product of the \$100 exposure amount multiplied by a 900 percent risk weight.)
- 9(c) Trading assets.** Report in column A the fair value of those trading assets reported in Schedule HC, item 5, that qualify as securitization exposures as defined in §.2 of the regulatory capital rules. Refer to the instructions for Schedule HC-R, Part II, item 7, for a summary of the reporting locations of trading assets that are securitization exposures.

If the holding company is subject to the market risk capital rule, report in column B the fair value of those securitization exposures reported in column A of this item that are covered positions as defined in Schedule HC-R, Part II, item 27. The holding company will report its standardized market risk-weighted assets in Schedule HC-R, Part II, item 27.

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## Schedule HC-R

For holding companies not subject to the market risk capital rule and for those trading assets held by holding companies subject to the market risk capital rule that are securitization exposures that do not meet the definition of a covered position:

- *In column B*, report the fair value reported in column A of this item for those trading assets reported in Schedule HC, item 5, that qualify as securitization exposures and will be risk-weighted using either the Simplified Supervisory Formula Approach (SSFA) or the Gross-Up Approach.
- *In column Q*, report the fair value of those trading assets that are securitization exposures that are assigned a 1,250 percent risk weight (i.e., those trading asset securitization exposures for which the risk-weighted asset amount is not calculated using the SSFA or the Gross-Up Approach).
- *In column T*, report the risk-weighted asset amount (not the fair value) of those trading assets that are securitization exposures for which the risk-weighted asset amount is calculated using the SSFA, as described above in the General Instructions for Schedule HC-R, Part II, and in §.41 to §.45 of the regulatory capital rules.
- *In column U*, report the risk-weighted asset amount (not the fair value) of those trading assets that are securitization exposures for which the risk-weighted asset amount is calculated using the Gross-Up Approach, as described above in the General Instructions for Schedule HC-R, Part II, and in §.41 to §.45 of the regulatory capital rules.

**9(d) All other on-balance sheet securitization exposures.** Report in column A the amount of all on-balance sheet assets included in Schedule HC that qualify as securitization exposures as defined in §.2 of the regulatory capital rules and are not reported in Schedule HC-R, Part II, items 9(a), 9(b), or 9(c). Refer to the instructions for Schedule HC-R, Part II, items 1, 3, 4, 5, and 8, above for a summary of the reporting locations of other on-balance sheet securitization exposures. For a holding

company that has made the Accumulated Other Comprehensive Income (AOCI) opt-out election in Schedule HC-R, Part I, item 3(a), include in this item any accrued but uncollected interest and fees associated with held-to-maturity, available-for-sale, and trading securitization exposures reported in Schedule HC, item 11, “Other assets.”

Exposure amount to be used for purposes of risk weighting - holding company that cannot or has not made the AOCI opt-out election in Schedule HC-R, Part I, item 3(a):

For other on-balance sheet securitization exposures where the holding company cannot or has not made the AOCI opt-out election (i.e., most AOCI is included in regulatory capital), the exposure amount to be risk weighted by the holding company is the exposure’s carrying value, which is the value of the exposure reported on the balance sheet of the holding company determined in accordance with GAAP and in column A.

Exposure amount to be used for purposes of risk weighting - holding company has made the AOCI opt out election in Schedule HC-R, Part I, item 3(a):

For other on-balance sheet securitization exposures where the holding company has made the AOCI opt-out election (i.e., most AOCI is not included in regulatory capital), the exposure amount to be risk weighted by the holding company is the exposure’s carrying value, less any net unrealized gains on the exposure plus any net realized loss on the exposure included in AOCI. In column B, report any difference between the carrying value and the exposure amount of those other on-balance sheet securitization exposures reported in column A of this item that will be risk weighted by applying the 1,250 percent risk weight.

- *In column B*, all holding companies should include the amount reported in column A of this item for those other on-balance sheet securitization exposures that will be risk-weighted using either the Simplified Supervisory Formula Approach (SSFA) or the Gross-Up Approach.

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## Schedule HC-R

- *In column Q*, report the exposure amount of those other on-balance sheet securitization exposures that are assigned a 1,250 percent risk weight (i.e., those other on-balance sheet securitization exposures for which the risk-weighted asset amount is not calculated using the SSFA or the Gross-Up Approach).
- *In column T*, report the risk-weighted asset amount (not the exposure amount) of those other on-balance sheet securitization exposures for which the risk-weighted asset amount is calculated using the SSFA, as described above in the General Instructions for Schedule HC-R, Part II, and in §.41 to §.45 of the regulatory capital rules.
- *In column U*, report the risk-weighted asset amount (not the exposure amount) of those other on-balance sheet securitization exposures for which the risk-weighted asset amount is calculated using the Gross-Up Approach, as described above in the General Instructions for Schedule HC-R, Part II, and in §.41 to §.45 of the regulatory capital rules.

- 10 Off-balance sheet securitization exposures.** Report in column A the notional amount of all derivatives and off-balance sheet items reported in Schedule HC-L or Schedule HC-S that qualify as securitization exposures as defined in §.2 of the regulatory capital rules. Refer to the instructions for Schedule HC-R, Part II, items 12 through 21, for a summary of the reporting locations of off-balance sheet securitization exposures.

Exposure amount to be used for purposes of risk weighting

For an off-balance sheet securitization exposure that is not a repo-style transaction or eligible margin loan for which the holding company calculates an exposure amount under §.37 of the regulatory capital rules, cleared transaction (other than a credit derivative), or over-the-counter (OTC) derivative contract (other than a credit derivative), the exposure amount is the notional amount of the exposure.

For an off-balance sheet securitization exposure to an asset-backed commercial paper (ABCP) program, such as an eligible ABCP liquidity facility, the notional amount may be reduced to the maximum potential amount that holding company could be required to fund given the ABCP program's current underlying assets (calculated without regard to the current credit quality of those assets).

The exposure amount of an eligible ABCP liquidity facility for which the Simplified Supervisory Formula Approach (SSFA) does not apply is equal to the notional amount of the exposure multiplied by a credit conversion factor (CCF) of 50 percent.

The exposure amount of an eligible ABCP liquidity facility for which the SSFA applies is equal to the notional amount of the exposure multiplied by a CCF of 100 percent.

For an off-balance sheet securitization exposure that is a repo-style transaction or eligible margin loan for which the holding company calculates an exposure amount under §.37 of the regulatory capital rules, a cleared transaction (other than a credit derivative), or derivative contract (other than a credit derivative), the exposure amount is the amount calculated under §.34, §.35, or §.37, as applicable, of the regulatory capital rules.

For a credit-enhancing representation and warranty that is an off-balance sheet securitization exposure, see the discussion of "Treatment of Sales of 1-4 Family Residential First Mortgage Loans with Credit-Enhancing Representations and Warranties," which includes an example, in the General Instructions for Schedule HC-R, Part II.

- *In column B*, report the notional amount of those off-balance sheet securitization exposures reported in column A of this item for which the exposure amount (as described above) will be risk-weighted using either the SSFA or the Gross-Up Approach. Also include in column B the difference between the notional amount reported in column A of this and the exposure amount for those

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## Schedule HC-R

off-balance sheet items that qualify as securitization exposures and will be risk weighted by applying the 1,250 percent risk weight.

- *In column Q*, report the exposure amount of those off-balance sheet securitization exposures that are assigned a 1,250 percent risk weight (i.e., those off-balance sheet securitization exposures for which the risk-weighted asset amount is not calculated using the SSFA or the Gross-Up Approach).
- *In column T*, report the risk-weighted asset amount (not the exposure amount) of those off-balance sheet securitization exposures for which the risk-weighted asset amount is calculated using the SSFA, as described above in the General Instructions for Schedule HC-R, Part II, and in §.41 to §.45 of the regulatory capital rules.
- *In column U*, report the risk-weighted asset amount (not the exposure amount) of those off-balance sheet securitization exposures for which the risk-weighted asset amount is calculated using the Gross-Up Approach, as described above in the General Instructions for Schedule HC-R, Part II, and in §.41 to §.45 of the regulatory capital rules.

- 11 Total assets.** For columns A through R, report the sum of items 1 through 9. The sum of columns B through R must equal column A. Schedule HC-R, Part II, item 11, column A, must equal Schedule HC, item 12, “Total assets.”

### **Derivatives, Off-Balance Sheet Items, and Other Items Subject to Risk Weighting (Excluding Securitization Exposures)**

Treatment of Derivatives and Off-Balance Sheet Items that are Securitization Exposures - Any derivatives or off-balance sheet items reported in Schedule HC-L or Schedule HC-S that qualify as securitization exposures, including liquidity facilities to asset-back commercial paper programs, are to be reported in Schedule HC-R, Part II, item 10, column A, and excluded from Schedule HC-R, Part II, items 12 through 21 below.

Repo-style transactions - The regulatory capital rules permit some repo-style transactions to be risk weighted

on a netting set basis. Where netting is permitted, a holding company will combine both on-balance and off-balance sheet repo-style transactions in order to determine a capital requirement for a netting set to a single counterparty. In such cases, a holding company should combine securities purchased under agreements to resell (i.e., reverse repos) and securities sold under agreements to repurchase (i.e., repos) with off-balance sheet repo-style transactions (i.e., securities borrowing and securities lending transactions) in Schedule HC-R, Part II, item 16, and report the netting set exposure to each counterparty under the appropriate risk weight column.

**Credit Conversion Factors for Off-Balance Sheet Items -** A summary of the credit conversion factors (CCFs) by which the exposure amount of off-balance sheet items are to be multiplied follows. For further information on these factors, refer to the regulatory capital rules.

Off-balance sheet items subject to a zero percent CCF:

- (1) Unused portions of commitments that are unconditionally cancelable at any time by the bank holding company.

Off-balance sheet items subject to a 20 percent CCF:

- (1) Commercial and similar letters of credit with an original maturity of one year or less, including short-term, self-liquidating, trade-related contingent items that arise from the movement of goods.
- (2) Commitments with an original maturity of one year or less that are not unconditionally cancelable.

Off-balance sheet items subject to a 50 percent CCF:

- (1) Transaction-related contingent items, including performance standby letters of credit, bid bonds, performance bonds, and warranties.
- (2) Commercial and similar letters of credit with an original maturity exceeding one year.
- (3) Commitments with an original maturity exceeding one year that are not unconditionally cancelable by the bank, including underwriting commitments and commercial credit lines.

Off-balance sheet items subject to a 100 CCF:

- (1) Financial standby letters of credit.
- (2) Repo-style transactions, including off-balance sheet securities lending transactions, off-balance sheet



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## Schedule HC-R

securities borrowing transactions, securities purchased under agreements to resell, and securities sold under agreements to repurchase.

- (3) Guarantees, certain credit-enhancing representations and warranties, and forward agreements.

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

**12    Financial standby letters of credit.** For financial standby letters of credit reported in Schedule HC-L, item 2, that do not meet the definition of a securitization exposure as described in §.2 of the regulatory capital rules, but are credit enhancements for assets, 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 multiplied by 12.5.
- (2) The full amount of the assets that are credit-enhanced by those letters of credit that are not multiplied by 12.5.

For all other financial standby letters of credit reported in Schedule HC-L, item 2, that do not meet the definition of a securitization exposure, report in column A the amount outstanding and unused of these letters of credit.

- *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 the portion of financial standby letters of credit reported in Schedule HC-L, item 2, that are secured by collateral or has a guarantee that qualifies for the zero percent risk weight.
- *In column G-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. depository institutions. Also include the credit equivalent amount of the portion of financial standby letters of credit reported in Schedule HC-L, item 2, that are secured by collateral or has a

guarantee that qualifies for the 20 percent risk weight.

- *In column H-50% risk weight*, include the credit equivalent amount of the portion of financial standby letters of credit reported in Schedule HC-L, item 2, that are secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
- *In column I-100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through H and J. Also include the credit equivalent amount of the portion of financial standby letters of credit reported in Schedule HC-L, item 2, that are secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.
- Financial standby letters of credit that must be risk-weighted according to the Country Risk Classification (CRC) methodology
  - o *In column C-0% risk weight*; column G-20% risk weight; column H-50% risk weight; column I-100% risk weight; column J-150% risk weight. Assign these exposures to risk weight categories based on the CRC methodology described above in the General Instructions for Part II. Include:
  - o The credit equivalent amount of the portion of financial standby letters of credit reported in Schedule HC-L, item 2, that have been conveyed to foreign banks.

**13    Performance standby letters of credit and transaction-related contingent items.** Report in column A transaction-related contingent items, which includes the face amount of performance standby letters of credit reported in Schedule HC-L, item 3, and any other transaction-related contingent items that do not meet the definition of a securitization exposure as described in §.2 of the regulatory capital rules.

- *In column B*, report 50 percent of the face amount reported in column A.



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## Schedule HC-R

- *In column C-0% risk weight*, include the credit equivalent amount of the portion of performance standby letters of credit and transaction-related contingent items reported in Schedule HC-L, item 3, that are secured by collateral or has a guarantee that qualifies for the zero percent risk weight.
- *In column G-20% risk weight*, include the credit equivalent amount of the portion of performance standby letters of credit, performance bids, bid bonds, and warranties reported in Schedule HC-L, item 3, that have been conveyed to U.S. depository institutions. Also include the credit equivalent amount of the portion of performance standby letters of credit and transaction-related contingent items reported in Schedule HC-L, item 3, that are secured by collateral or has a guarantee that qualifies for the 20 percent risk weight.
- *In column H-50% risk weight*, include the credit equivalent amount of the portion of performance standby letters of credit and transaction-related contingent items reported in Schedule HC-L, item 3, that are secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
- *In column I-100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through H and J. Also include the credit equivalent amount of the portion of performance standby letters of credit and transaction-related contingent items reported in Schedule HC-L, item 3, that are secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.
- Performance standby letters of credit and transaction-related contingent items that must be risk-weighted according to the Country Risk Classification (CRC) methodology.
  - *In column C-0% risk weight; column G-20% risk weight; column H-50% risk weight; column I-100% risk weight; column J-150% risk weight*. Assign these exposures to risk weight categories based on the CRC methodology described above in the General Instructions for Part II. Include:
    - The credit equivalent amount of the portion of performance standby letters of credit, performance bids, bid bonds, and warranties reported in Schedule HC-L, item 3, that have been conveyed to foreign banks.

### 14 **Commercial and similar letters of credit with an original maturity of one year or less.**

Report in column A the face amount of those commercial and similar letters of credit, including self-liquidating, trade-related contingent items that arise from the movement of goods, reported in Schedule HC-L, item 4, with an original maturity of one year or less that do not meet the definition of a securitization exposure as described in §.2 of the regulatory capital rules. Report those commercial letters of credit with an original maturity exceeding one year that do not meet the definition of a securitization exposure in Schedule HC-R, Part II, item 18(b).

- In column B, report 20 percent of the face amount reported in column A.
- In column C-0% risk weight, include the credit equivalent amount of the portion of commercial or similar letters of credit with an original maturity of one year or less reported in Schedule HC-L, item 4, that are secured by collateral or has a guarantee that qualifies for the zero percent risk weight.
- In column G-20% risk weight, include the credit equivalent amount of the portion of commercial and similar letters of credit, including self-liquidating, trade-related contingent items that arise from the movement of goods, with an original maturity of one year or less, reported in Schedule HC-L, item 4, that have been conveyed to U.S. depository institutions. Also include the credit equivalent amount of the portion of commercial or similar letters of credit

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## Schedule HC-R

with an original maturity of one year or less reported in Schedule HC-L, item 4, that are secured by collateral or has a guarantee that qualifies for the 20 percent risk weight.

- In column H-50% risk weight, include the credit equivalent amount of the portion of commercial or similar letters of credit with an original maturity of one year or less reported in Schedule HC-L, item 4, that are secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
- In column I-100% risk weight, include the portion of the credit equivalent amount reported in column B that is not included in columns C through H and J. Also include the credit equivalent amount of the portion of commercial or similar letters of credit with an original maturity of one year or less reported in Schedule HC-L, item 4, that are secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.
- Commercial and similar letters of credit that must be risk-weighted according to the Country Risk Classification (CRC) methodology
  - *In column C-0% risk weight; column G-20% risk weight; column H-50% risk weight; column I-100% risk weight; column J-150% risk weight.* Assign these exposures to risk weight categories based on the CRC methodology described above in the General Instructions for Part II. Include:
  - The credit equivalent amount of commercial and similar letters of credit, including self-liquidating, trade-related contingent items that arise from the movement of goods, with an original maturity of one year or less, reported in Schedule HC-L, item 4, that have been conveyed to foreign banks.

- 15** **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), that do not meet the definition of a securitization exposure as described in §.2 of the regulatory capital rules.

For retained recourse on small business obligations sold with recourse that qualify as securitization exposures, please see §42(h) of the regulatory capital rule for purposes of risk-weighting and report these exposures in Schedule HC-R, Part II, item 10.

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 holding company ceases to be a qualifying institution or exceeds the retained recourse limit set forth in banking agency 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 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.

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## Schedule HC-R

- *In column C-0% risk weight*, include the credit equivalent amount of the portion of retained recourse on small business obligations sold with recourse reported in Schedule HC-S, Memorandum item 1(b), that are secured by collateral or has a guarantee that qualifies for the zero percent risk weight.
- *In column G-20% risk weight*, include the credit equivalent amount of the portion of retained recourse on small business obligations sold with recourse reported in Schedule HC-S, Memorandum item 1(b), that are secured by collateral or has a guarantee that qualifies for the 20 percent risk weight.
- *In column H-50% risk weight*, include the credit equivalent amount of the portion of retained recourse on small business obligations sold with recourse reported in Schedule HC-S, Memorandum item 1(b), that are secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
- *In column I-100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through H and J. Also include the credit equivalent amount of the portion of retained recourse on small business obligations sold with recourse reported in Schedule HC-S, Memorandum item 1(b), that are secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.

**16 Repo-style transactions. Repo-style transactions include:**

- Securities lending transactions, including transactions in which the holding company acts as an agent for a customer and indemnifies the customer against loss. Securities lent are reported in Schedule HC-L, item 6(a).
- Securities borrowing transactions Securities borrowed are reported in Schedule HC-L, item 6(b).
- Securities purchased under agreements to resell (i.e., reverse repos). Securities pur-

chased under agreements to resell are reported in Schedule HC, item 3(b).

- Securities sold under agreements to repurchase (i.e., repos). Securities sold under agreements to repurchase are reported in Schedule HC, item 14(b).<sup>31</sup>

Report in column A the exposure amount of repo-style transactions that do not meet the definition of a securitization exposure as described in §.2 of the regulatory capital rules.

For repo-style transactions to which the holding company applies the Simple Approach to recognize the risk-mitigating effects of qualifying financial collateral, as outlined in §.37 of the regulatory capital rules, the exposure amount to be reported in column A is the sum of the fair value as of the report date of securities the holding company has lent,<sup>32</sup> the amount of cash or the fair value as of the report date of other collateral the holding company has posted for securities borrowed, the amount of cash provided to the counterparty for securities purchased under agreements to resell (as reported in Schedule HC, item 3(b), and the fair value as of the report date of securities sold under agreements to repurchase.

For repo-style transactions to which the holding company applies the Collateral Haircut Approach to recognize the risk-mitigating effects of qualifying financial collateral, as outlined in §.37 of the regulatory capital rules, the exposure amount to be reported in column A for a repo-style transaction or a single-product netting set of such transactions is determined by using the exposure amount

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31. Although securities purchased under agreements to resell and securities sold under agreements to repurchase are reported on the balance sheet (Schedule HC) as assets and liabilities, respectively, they are included with securities lent and securities borrowed and designated as repo-style transactions that are treated collectively as off-balance sheet items under the regulatory capital rules.

32. For held-to-maturity securities that have been lent, the amortized cost of these securities is reported in Schedule HC-L, item 6(a), but the fair value of these securities should be reported as the exposure amount in column A of this item.

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## Schedule HC-R

equation in §.37(c) of the regulatory capital rules.

A holding company may apply either the Simple Approach or the Collateral Haircut Approach to repo-style transactions; however, the holding company must use the same approach for similar exposures or transactions. For further information, see the discussion of “Treatment of Collateral and Guarantees” in the General Instructions for Schedule HC-R, Part II.

- *In column B*, report 100 percent of the exposure amount reported in column A.
- *In column C-0% risk weight*, include the credit equivalent amount of repo-style transactions that are supported by the appropriate amount of collateral that qualifies for the zero percent risk weight under the regulatory capital rules (refer to §.37 of the regulatory capital rules).
- *In column D-2% risk weight*, include the credit equivalent amount of centrally cleared repo-style transactions with Qualified Central Counterparties (QCCPs), as defined in §.2 and described in §.35 of the regulatory capital rules.
- *In column E-4% risk weight*, include the credit equivalent amount of centrally cleared repo-style transactions with QCCPs in all other cases that do not meet the criteria of qualification for a 2 percent risk weight, as described in §.35 of the regulatory capital rules.
- *In column G-20% risk weight*, include the credit equivalent amount of repo-style transactions that are supported by the appropriate amount of collateral that qualifies for the 20 percent risk weight under the regulatory capital rules. Also include the credit equivalent amount of repo-style transactions that represents exposures to U.S. depository institutions.
- *In column H-50% risk weight*, include the credit equivalent amount of repo-style transactions that are supported by the appropriate amount of collateral that qualifies for the 50 percent risk weight under the regulatory capital rules.
- *In column I-100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through H, J, and R. Also include the credit equivalent amount of repo-style transactions that are supported by the appropriate amount of collateral that qualifies for the 100 percent risk weight under the regulatory capital rules.
- *In column J-150% risk weight*, include the credit equivalent amount of repo-style transactions that are supported by the appropriate amount of collateral that qualifies for the 150 percent risk weight under the regulatory capital rules.
- *In columns R and S-Application of Other Risk-Weighting Approaches*, include the portion of repo-style transactions that is secured by qualifying financial collateral that meets the definition of a securitization exposure in §.2 of the regulatory capital rules or is a mutual fund only if the holding company chooses to recognize the risk-mitigating effects of the securitization exposure collateral under the simple approach or the collateral haircut approach outlined in §.37 of the regulatory capital rules. Under the simple approach, the risk weight assigned to the collateralized portion of the repo-style exposure may not be less than 20 percent.
  - Include in column R the portion of repo-style transactions secured by the fair value or adjusted fair value of securitization exposure or mutual fund collateral as determined under the simple approach or the collateral haircut approach, respectively; however, the holding company must apply the same approach for all repo-style transactions. In addition, if the holding company applies the simple approach, it must apply the same approach - either the Simplified Supervisory Formula Approach or the Gross-Up Approach - that it applies to determine the risk-weighted asset amounts of its on- and



## Schedule HC-R

off-balance sheet securitization exposures that are reported in Schedule HC-R, Part II, items 9 and 10.

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

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

- Repo-style transactions that must be risk-weighted according to the Country Risk Classification (CRC) methodology
  - o *In column C-0% risk weight; column G-20% risk weight; column H-50% risk weight; column I-100% risk weight; column J-150% risk weight. Assign these exposures to risk weight categories based on the CRC methodology described above in the General Instructions for Part II. Include:*
  - o The credit equivalent amount of repo-style transactions that represents exposures to foreign central banks and foreign banks.

### Examples: Reporting Securities Sold Under Agreements to Repurchase (Repos) Under the Simple Approach for Recognizing Effects of Collateral

§.37 of the regulatory capital rules provides for the recognition of the risk-mitigating effects of collateral when risk-weighting assets collateralized by financial collateral, as defined in §.2. The following examples illustrate the calculation of risk-weighted assets and the reporting of securities sold under agreements to repurchase (repos) in Schedule HC-R, Part II, item 16, using the Simple Approach.

### **Example 1: Security sold under agreement to repurchase fully collateralized by cash.**

A holding company has transferred an available-for-sale (AFS) debt security to a counterparty in a repo transaction that is accounted for as a secured borrowing on the bank’s balance sheet. The bank received \$100 in cash from the repo counterparty in this transaction. The amortized cost and the fair value of the AFS debt security are both \$100 as of the report date.<sup>33</sup> The debt security is an exposure to a U.S. government sponsored entity (GSE) that qualifies for a 20 percent risk weight. The repo counterparty is a company that would receive a 100 percent risk weight.

Calculation of risk-weighted assets for the transaction:

1. The holding company continues to report the AFS GSE debt security as an asset on its balance sheet and to risk weight the security as an on-balance sheet asset at 20 percent:<sup>34</sup>
  - a.  $\$100 \times 20\% = \$20$
2. The holding company has a \$100 exposure to the repo counterparty (the report date fair value of the security transferred to the counterparty) that is collateralized by the \$100 of cash received from the counterparty. The holding company risk weights its exposure to the repo counterparty at zero percent in recognition of the cash received in the transaction from the counterparty:  $\$100 \times 0\% = \$0$
3. There is no additional exposure to the repo counterparty to risk weight because the exposure to the counterparty is fully collateralized by the cash received.

### **Total risk-weighted assets arising from the transactions: \$20**

The holding company would report the transaction as follows:

33. In both Example 1 and Example 2, because the fair value carrying value of the AFS GSE debt security equals the amortized cost of the debt security, a holding company that has made the AOCI opt-out election in Schedule HC-R, Part I, item 3(a), does not need to adjust the carrying value (i.e., the fair value) of the debt security to determine the exposure amount of the security. Thus, for a holding company that has made the AOCI opt-out election, the carrying value of the AFS debt security equals its exposure amount in Examples 1 and 2.

34. See footnote 33.



# Schedule HC-R

1. The holding company reports the AFS debt security in Schedule HC-R, Part II, item 2(b):
  - a. The \$100 carrying value (i.e., fair value) of the AFS debt security on the balance sheet will be reported in column A.<sup>35</sup>
  - b. The \$100 exposure amount of the AFS debt security will be reported in column G - 20 percent risk weight (which is the applicable risk weight for a U.S. GSE debt security).
2. The holding company reports the repurchase agreement in Schedule HC-R, Part II, item 16:
  - a. The holding company's \$100 exposure to the repo counterparty, which is the fair value of the debt security transferred in the repo transaction, is the exposure amount to be reported in column A.
  - b. The \$100 credit equivalent amount of the holding company's exposure to the repo counterparty will be reported in column B.
  - c. Because the holding company's exposure to the repo counterparty is fully collateralized by the \$100 of cash received from the counterparty, the \$100 credit equivalent amount of the repurchase agreement will be reported in column C - 0 percent risk weight (which is the applicable risk weight for cash collateral).

37. See footnote 33.

|                      | (Column A)<br>Totals from<br>Schedule RC | (Column B)<br>Adjustments | (Column C)                         | (Column G) | (Column I) |       |
|----------------------|--|---------------------------|------------------------------------|------------|------------|-------|
|                      |  |                           | Allocation by Risk-Weight Category |            |            |       |
|                      |  |                           | 0%                                 | 20%        | 100%       |       |
| 2(b). AFS Securities | \$100                                    |                           |                                    | \$100      |            | 2(b). |

|                             | (Column A)<br>Face or<br>notional | (Column B)<br>Credit Equiv. | (Column C)                         | (Column G) | (Column I) |     |
|-----------------------------|-----------------------------------|-----------------------------|------------------------------------|------------|------------|-----|
|                             |                                   |                             | Allocation by Risk-Weight Category |            |            |     |
|                             |                                   |                             | 0%                                 | 20%        | 100%       |     |
| 16. Repo-sytle Transactions | \$100                             | \$100                       | \$100                              |            |            | 16. |

### Example 2: Security sold under an agreement to repurchase (repo) not fully collateralized by cash.

A holding company has transferred an AFS debt security to a counterparty in a repo transaction that is accounted for as a secured borrowing on the bank's balance sheet. The holding company received \$98 in cash from the repo counterparty in this transaction. The amortized cost and the fair value of the AFS debt security are both \$100 as of the report date.<sup>37</sup> The debt security is an exposure to a U.S. GSE that qualifies for a 20 percent risk weight. The repo counterparty is a company that would receive a 100 percent risk weight.

35. See footnote 33.

36. See footnote 33.

Calculation of risk-weighted assets for the transaction:

1. The bank continues to report the AFS GSE debt security as an asset on its balance sheet and to riskweight the security as an on-balance sheet asset at 20 percent:<sup>38</sup>  
 $\$100 \times 20\% = \$20$
2. The holding company has a \$100 exposure to the repo counterparty (the report date fair value of the security transferred to the counterparty) of which \$98 is collateralized by the cash received from the counterparty. The holding company risk weights the portion of its exposure to the repo counterparty that is collateralized by the cash received from the counterparty at zero percent:  $\$98 \times 0\% = \$0$

# Schedule HC-R

3. The holding company risk weights its \$2 uncollateralized exposure to the repo counterparty using the risk weight applicable to the counterparty:  $\$2 \times 100\% = \$2$

**Total risk-weighted assets for the above transactions: \$22**

The holding company would report the transaction in Schedule HC-R, Part II, as follows:

1. The holding reports the AFS debt security in item 2(b):
  - a. The \$100 carrying value (i.e., the fair value) of the AFS debt security on the balance sheet will be reported in column A.<sup>39</sup>
  - b. The \$100 exposure amount of the AFS debt security will be reported in column G-20% risk weight (which is the applicable risk weight for a U.S. GSE debt security).

2. The holding company reports the repurchase agreement in item 16:
  - a. The holding company's \$100 exposure to the repo counterparty, which is the fair value of the debt security transferred in the repo transaction, is the exposure amount to be reported in column A.
  - b. The \$100 credit equivalent amount of the holding company's exposure to the repo counterparty will be reported in column B.
  - c. Because the holding company's exposure to the repo counterparty is collateralized by the \$98 of cash received from the counterparty, \$98 of the \$100 credit equivalent amount of the repurchase agreement will be reported in column C-0% risk weight (which is the applicable risk weight for cash collateral).
  - d. The \$2 uncollateralized exposure to the repo counterparty will be reported in column I-100% risk weight (which is the applicable risk weight for the repo counterparty).

38. See footnote 33.

|                      | (Column A)<br>Totals from<br>Schedule RC | (Column B)<br>Adjustments | (Column C)                         | (Column G) | (Column I) |       |
|----------------------|--|---------------------------|------------------------------------|------------|------------|-------|
|                      |  |                           | Allocation by Risk-Weight Category |            |            |       |
|                      |  |                           | 0%                                 | 20%        | 100%       |       |
| 2(b). AFS Securities | \$100                                    |                           |                                    | \$100      |            | 2(b). |

|                             | (Column A)<br>Face or<br>notional | (Column B)<br>Credit Equiv. | (Column C)                         | (Column G) | (Column I) |     |
|-----------------------------|-----------------------------------|-----------------------------|------------------------------------|------------|------------|-----|
|                             |                                   |                             | Allocation by Risk-Weight Category |            |            |     |
|                             |                                   |                             | 0%                                 | 20%        | 100%       |     |
| 16. Repo-Style Transactions | \$100                             | \$100                       | \$98                               |            | \$2        | 16. |

**17 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 regulatory capital rules,
- The face amount of risk participations in bankers acceptances that have been acquired

by the reporting institution and are outstanding,

- The full amount of loans sold with credit-enhancing representations and warranties that do not meet the definition of a securitization exposure as described in §.2 of the regulatory capital rules,
- The notional amount of written option contracts that act as financial guarantees that do

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## Schedule HC-R

not meet the definition of a securitization exposure as described in §.2 of the regulatory capital rules, and

- The notional amount of all forward agreements, which are defined as legally binding contractual obligations to purchase assets with certain drawdown at a specified future date, not including commitments to make residential mortgage loans or forward foreign exchange contracts.

However, exclude from column A:

- The amount of credit derivatives classified as trading assets that are subject to the market risk capital rule (report in Schedule HC-R, Part II, items 20 and 21, as appropriate), and
- Credit derivatives purchased by the holding company that are recognized as guarantees of an asset or off-balance sheet exposure under the regulatory capital rules, i.e., credit derivatives on which the holding company is the beneficiary (report the guaranteed asset or exposure in Schedule HC-R, Part II, in the appropriate balance sheet or off-balance sheet category - e.g., item 5, “Loans and leases, held for investment” - and in the risk weight category applicable to the derivative counterparty - e.g., column G - 20% risk weight - rather than the risk weight category applicable to the obligor of the guaranteed asset), and
- The notional amount of standby letters of credit issued by another depository institution, a Federal Home Loan Bank, or any other entity on behalf of the reporting holding company that are reported in Schedule HC-L, item 9, because these letters of credit are not covered by the regulatory capital rules.
- *In column B*, report 100 percent of the face amount, notional amount, or other 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, Part II, items 1 through 8, above.
- *In column G-20% risk weight*, include the credit equivalent amount of liabilities to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 20 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In column H-50% risk weight*, include the credit equivalent amount of liabilities to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 50 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In column I-100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through J. Include the credit equivalent amount of liabilities to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 100 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In column J-150% risk weight*, include the credit equivalent amount of liabilities to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 150 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- All other off-balance sheet liabilities that must be risk-weighted according to the Country Risk Classification (CRC) methodology
  - o *In column C-0% risk weight; column G-20% risk weight; column H-50% risk*

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## Schedule HC-R

*weight; column I-100% risk weight; column J-150% risk weight. Assign these exposures to risk weight categories based on the CRC methodology described above in the General Instructions for Part II. Include:*

- o The credit equivalent amount of those other off-balance sheet liabilities described above in the instructions for Column A of this item that represent exposures to foreign central banks and foreign banks.

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

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

- 18(a)** **Original maturity of one year or less.** Report in column A the unused portion of those unused commitments reported in Schedule HC-L, item 1, with an original maturity of one year or less.

Under the regulatory capital rules, the unused portion of commitments (facilities) that are unconditionally cancelable (without cause) at any time by the holding company have a zero percent credit conversion factor. The unused

portion of such unconditionally cancelable commitments should be excluded from this item and reported in Schedule HC-R, Part II, item 19. For further information, see the instructions for item 19.

“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 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.

- *In column B*, report 20 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 to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the zero percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In column G-20% risk weight*, include the credit equivalent amount of unused commitments to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 20 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In column H-50% risk weight*, include the credit equivalent amount of unused commitments to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 50 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In column I-100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through H, J, and R. Include the credit equivalent amount of unused commitments to counterparties who meet, or that

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## Schedule HC-R

have guarantees or collateral that meets, the criteria for the 100 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.

- *In column J-150% risk weight*, include the credit equivalent amount of unused commitments to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 150 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In columns R and S-Application of Other Risk-Weighting Approaches*, include the portion of unused commitments that is secured by qualifying financial collateral that meets the definition of a securitization exposure in §.2 of the regulatory capital rules or is a mutual fund only if the holding company chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the simple approach outlined in §.37 of the regulatory capital rules. Under the simple approach, the risk weight assigned to the collateralized portion of an unused commitment may not be less than 20 percent.
  - o Include in column R the portion of unused commitments secured by the fair value of securitization exposure or mutual fund collateral as determined under the simple approach. In addition, the holding company must apply the same approach to securitization exposure collateral - either the Simplified Supervisory Formula Approach or the Gross-Up Approach - that it applies to determine the risk-weighted asset amounts of its on- and off-balance sheet securitization exposures that are reported in Schedule HC-R, Part II, items 9 and 10.
  - o Report in column S the risk-weighted asset amount of the securitization exposure or mutual fund collateral that collateralizes the portion of unused commitments secured by such collateral. Any

remaining portion of the unused commitment that is uncollateralized or collateralized by other qualifying collateral would be reported in columns C through J, as appropriate.

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

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

**18(b) Original maturity exceeding one year.**

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

Under the regulatory capital rules, the unused portion of commitments (facilities) which are unconditionally cancelable (without cause) at



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## Schedule HC-R

any time by the holding company (to the extent permitted under applicable law) have a zero percent credit conversion factor. The unused portion of such unconditionally cancelable commitments should be excluded from this item and reported in Schedule HC-R, Part II, item 19. For further information, see the instructions for item 19.

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

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

For commitments providing for increases in the dollar amount of the commitment, the amount to be converted to an on-balance sheet credit equivalent amount and risk weighted is the maximum dollar amount that the holding company is obligated to advance at any time during the life of the commitment. This 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 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 and the face amount of commercial and similar letters of credit reported in column A. Note that unused commitments that qualify as securitization exposures as defined in §.2 of the regulatory capital rules should be reported as securitization exposures in Schedule HC-R, Part II, item 10.
- *In column C-0% risk weight*, include the credit equivalent amount of unused commitments and commercial and similar letters 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, Part II, items 1 through 8, above.
- *In column G-20% risk weight*, include the credit equivalent amount of unused commitments and commercial and similar letters 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, Part II, items 1 through 8, above. Include the credit equivalent amount of commitments that have been conveyed to U.S. depository institutions. Include the credit equivalent amount of those commercial and similar letters of credit reported in Schedule HC-L, item 4, with an original maturity exceeding one year that have been conveyed to U.S. depository institutions.
- *In column H-50% risk weight*, include the credit equivalent amount of unused commitments and commercial and similar letters 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

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## Schedule HC-R

Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.

- *In column I-100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through H, J, and R. Also include the credit equivalent amount of unused commitments and commercial and similar letters of credit to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 100 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In column J-150% risk weight*, include the credit equivalent amount of unused commitments and commercial and similar letters of credit to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 150 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In columns R and S-Application of Other Risk-Weighting Approaches*, include the portion of unused commitments that is secured by qualifying financial collateral that meets the definition of a securitization exposure in §.2 of the regulatory capital rules or is a mutual fund only if the holding company chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the simple approach outlined in §.37 of the regulatory capital rules. Under the simple approach, the risk weight assigned to the collateralized portion of an unused commitment may not be less than 20 percent.
  - o Include in column R the portion of unused commitments secured by the fair value of securitization exposure or mutual fund collateral as determined under the simple approach. In addition, the holding company must apply the same approach to securitization exposure collateral - either the Simplified Supervisory Formula

Approach or the Gross-Up Approach - that it applies to determine the risk-weighted asset amounts of its on- and off-balance sheet securitization exposures that are reported in Schedule HC-R, Part II, items 9 and 10.

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

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

- Unused commitments and commercial and similar letters of credit with an original maturity exceeding one year that must be risk-weighted according to the Country Risk Classification (CRC) methodology
  - o *In column C-0% risk weight; column G-20% risk weight; column H-50% risk weight; column I-100% risk weight; column J-150% risk weight*. Assign these exposures to risk weight categories based on the CRC methodology described above in the General Instructions for Part II. Include:
    - o The credit equivalent amount of those unused commitments described above in the instructions for Column A of this item that represent exposures to foreign banks.
    - o The credit equivalent amount of those commercial and similar letters of credit reported in Schedule HC-L, item 4, with an original maturity exceeding one year that have been conveyed to foreign banks.

- 19 Unconditionally cancelable commitments.** Report the unused portion of those unconditionally cancelable commitments reported in

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## Schedule HC-R

Schedule HC-L, item 1, that are subject to the regulatory capital rules. The unused portion of commitments (facilities) that are unconditionally cancelable (without cause) at any time by the bank (to the extent permitted by applicable law) have a zero percent credit conversion factor. The holding company should report the unused portion of such commitments in column A of this item and zero in column B of this item.

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

- 20** **Over-the-counter derivatives.** Report in column B the credit equivalent amount of over-the-counter derivative contracts covered by the regulatory capital rules. As defined in §.2 of the regulatory capital rules, an over-the-counter (OTC) derivative contract is a derivative contract that is not a cleared transaction.<sup>35a</sup> Include OTC credit derivative

contracts held for trading purposes and subject to the market risk capital rule. Do not include the credit equivalent amount of centrally cleared derivative contracts, which must be reported in Schedule HC-R, Part II, item 21. Do not include OTC derivative contracts that meet the definition of a *securitization exposure* as described in §.2 of the regulatory capital rules; such derivative contracts must be reported in Schedule HC-R, Part II, item 10.

The credit equivalent amount of an OTC derivative contract to be reported in Column B is the sum of its current credit exposure (as reported in Schedule HC-R, Part II, Memorandum item 1) plus the potential future exposure over the remaining life of the derivative contract (regardless of its current credit exposure, if any), as described in §.34 of the regulatory capital rules. 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 following chart. The notional principal amounts of the reporting holding company's OTC derivatives that are subject to the risk-based capital requirements are reported by remaining maturity in Schedule HC-R, Part II, Memorandum items 2(a) through 2(g).

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35a. An OTC derivative includes a transaction:

- (1) Between an institution that is a clearing member and a counterparty where the institution is acting as a financial intermediary and enters

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into a cleared transaction with a central counterparty (CCP) that offsets the transaction with the counterparty; or

- (2) In which an institution that is a clearing member provides a CCP a guarantee on the performance of the counterparty to the transaction.

## Schedule HC-R

| Remaining Maturity                                       | Interest Rate | Foreign exchange rate and gold | Credit (investment grade reference assets) | Credit (non-investment grade reference assets) | Equity | Precious metals (except gold) | Other |
|--|---------------|--------------------------------|--|--|--------|-------------------------------|-------|
| One year or less   | 0.0%          | 1.0%                           | 5.0%                                       | 10.0%  | 6.0%   | 7.0%                          | 10.0% |
| Greater than one year & less than or equal to five years | 0.5%          | 5.0%                           | 5.0%                                       | 10.0%  | 8.0%   | 7.0%                          | 12.0% |
| Greater than five years                                  | 1.5%          | 7.5%                           | 5.0%                                       | 10.0%  | 10.0%  | 8.0%                          | 15.0% |

Under the Federal Reserve's regulatory capital rules and for purposes of Schedule HC-R, Part II, the existence of a legally enforceable bilateral netting agreement between the reporting 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, Part II, Memorandum item 1, and §.34 of the regulatory capital rules.

When assigning OTC derivative exposures to risk weight categories, holding companies can recognize the risk-mitigating effects of financial collateral by using either the simple approach or the collateral haircut approach, as described in §.37 of the regulatory capital rules.

- *In column C-0% risk weight*, include the credit equivalent amount of over-the-counter 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, Part II, items 1 through 8, above. This includes over-the-counter derivative contracts that are marked-to-market on a daily basis and subject to a daily margin maintenance requirement, to the extent the contracts are collateralized by cash on deposit at the reporting institution.
- *In column F-10% risk weight*, include the

credit equivalent amount of over-the-counter derivative contracts that are marked-to-market on a daily basis and subject to a daily margin maintenance requirement, to the extent the contracts are collateralized by a sovereign exposure that qualifies for a zero percent risk weight under §.32 of the regulatory capital rules.

- *In column G-20% risk weight*, include the credit equivalent amount of over-the-counter 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, Part II, items 1 through 8, above.
- *In column H-50% risk weight*, include the credit equivalent amount of over-the-counter derivative contracts with counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 50 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In column I-100% risk weight*, include the credit equivalent amount of over-the-counter derivative contracts with counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 100

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## Schedule HC-R

percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above. Also include the portion of the credit equivalent amount reported in column B that is not included in columns C through H, J, and R.

- *In column J-150% risk weight*, include the credit equivalent amount of over-the-counter derivative contracts with counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 150 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In columns R and S-Application of Other Risk-Weighting Approaches*, include the portion of over-the-counter derivative contracts that is secured by qualifying financial collateral that meets the definition of a securitization exposure in §.2 of the regulatory capital rules or is a mutual fund only if the holding company chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the simple approach or the collateral haircut approach outlined in §.37 of the regulatory capital rules. Under the simple approach, the risk weight assigned to the collateralized portion of the over-the-counter derivative exposure may not be less than 20 percent.
  - o Include in column R the portion of over-the-counter derivative contracts secured by the fair value or adjusted fair value of securitization exposure or mutual fund collateral as determined under the simple approach or the collateral haircut approach, respectively; however, the holding company must apply the same approach for all over-the-counter derivative contracts. In addition, if the holding company applies the simple approach, it must apply the same approach - either the Simplified Supervisory Formula Approach or the Gross-Up Approach -

that it applies to determine the risk-weighted asset amounts of its on- and off-balance sheet securitization exposures that are reported in Schedule HC-R, Part II, items 9 and 10.

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

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

- 21** **Centrally cleared derivatives.** Report in column B the credit equivalent amount of centrally cleared derivative contracts covered by the regulatory capital rules. As described in §.2 of the regulatory capital rules, a centrally cleared derivative contract is an exposure associated with an outstanding derivative contract that an institution, or an institution that is a clearing member has entered into with a central counterparty (CCP), that is, a transaction that a CCP has accepted. Include centrally cleared credit derivative contracts held for trading purposes and subject to the market risk capital rule. Do not include the credit equivalent amount of over-the-counter derivative contracts; which must be reported in Schedule HC-R, Part II, item 20. For information on the regulatory capital treatment of settled-to-market contracts, see the discussion of “Treatment of Certain Centrally Cleared Derivative Contracts” in the General Instructions for Schedule HC-R, Part II. Do not include centrally cleared derivative contracts that meet the definition of a securitization exposure as described in §.2 of the regulatory



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capital rules; such derivative contracts must be reported in Schedule HC-R, Part II, item 10.

The credit equivalent amount of a centrally cleared derivative contract is the sum of its current credit exposure (as reported in Schedule HC-R, Memorandum item 1), plus the potential future exposure over the remaining life of the derivative contract, plus the fair value of collateral posted by the clearing member client and held by the CCP or a clearing member in a manner that is not bankruptcy remote. 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 following chart. The notional principal amounts of the reporting holding company's centrally cleared derivatives that are subject to the risk-based capital requirements are reported by remaining maturity in Schedule HC-R, Part II, Memorandum items 3(a) through 3(g).

| Remaining Maturity                                       | Interest Rate | Foreign exchange rate and gold | Credit (investment grade reference assets) | Credit (non-investment grade reference assets) | Equity | Precious metals (except gold) | Other |
|--|---------------|--------------------------------|--|--|--------|-------------------------------|-------|
| One year or less   | 0.0%          | 1.0%                           | 5.0%                                       | 10.0%  | 6.0%   | 7.0%                          | 10.0% |
| Greater than one year & less than or equal to five years | 0.5%          | 5.0%                           | 5.0%                                       | 10.0%  | 8.0%   | 7.0%                          | 12.0% |
| Greater than five years                                  | 1.5%          | 7.5%                           | 5.0%                                       | 10.0%  | 10.0%  | 8.0%                          | 15.0% |

- *In column C-0% risk weight*, include the credit equivalent amount of centrally cleared derivative contracts with CCPs and other counterparties who meet, or that have guarantees or collateral that meet the criteria for the zero percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In column D-2% risk weight*, include the credit equivalent amount of centrally cleared derivative contracts with Qualified Central Counterparties (QCCPs) where the collateral posted by the holding company to the QCCP or clearing member is subject to an arrangement that prevents any losses to the clearing member client due to the joint default or a concurrent insolvency, liquidation, or receivership proceeding of the clear-

ing member and any other clearing member clients of the clearing member; and the clearing member client holding company has conducted sufficient legal review to conclude with a well-founded basis (and maintains sufficient written documentation of that legal review) that in the event of a legal challenge (including one resulting from default or from liquidation, insolvency, or receivership proceeding) the relevant court and administrative authorities would find the arrangements to be legal, valid, binding and enforceable under the law of the relevant jurisdictions. See the definition of QCCP in §.2 of the regulatory capital rules.

- *In column E-4% risk weight*, include the credit equivalent amount of centrally cleared derivative contracts with QCCPs in all other

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## Schedule HC-R

cases that do not meet the qualification criteria for a 2 percent risk weight, as described in §.2 of the regulatory capital rules.

- *In column G-20% risk weight*, include the credit equivalent amount of centrally cleared derivative contracts with CCPs and other counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 20 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In column H-50% risk weight*, include the credit equivalent amount of centrally cleared derivative contracts with CCPs and other counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 50 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In column I-100% risk weight*, include the credit equivalent amount of centrally cleared derivative contracts with CCPs and other counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 100 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above. Also include the portion of the credit equivalent amount reported in column B that is not included in columns C through H and J.
- *In column J-150% risk weight*, include the credit equivalent amount of centrally cleared derivative contracts with CCPs and other counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 150 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.

**22** **Unsettled transactions (failed trades).** Note: This item includes unsettled transactions in the reporting holding company's trading book and in its banking book. Report as unsettled

transactions all on- and off-balance sheet transactions involving securities, foreign exchange instruments, and commodities that have a risk of delayed settlement or delivery, or are already delayed, and against which the reporting holding company must hold risk-based capital as described in §.38 of the regulatory capital rules.

For transactions that are delivery-versus-payment (DvP) transactions<sup>40</sup> and payment-versus-payment (PvP) transactions,<sup>41</sup> report in column A the positive current exposure of those unsettled transactions with a normal settlement period in which the reporting holding company's counterparty has not made delivery or payment within five business days after the settlement date, which are the DvP and PvP transactions subject to risk weighting under §.38 of the regulatory capital rules. Positive current exposure is equal to the difference between the transaction value at the agreed settlement price and the current market price of the transaction, if the difference results in a credit exposure of the holding company to the counterparty.

For delayed non-DvP/non-PvP transactions,<sup>42</sup> also include in column A the current fair value of the deliverables owed to the holding company by the counterparty in those transactions with a normal settlement period in which the reporting holding company has delivered cash, securities, commodities, or currencies to its counterparty, but has not received its corresponding deliverables, which are the non-DvP/non-PvP transactions subject to risk

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39. Delivery-versus-payment transaction means a securities or commodities transaction in which the buyer is obligated to make payment only if the seller has made delivery of the securities or commodities and the seller is obligated to deliver the securities or commodities only if the buyer has made payment.

40. Payment-versus-payment transaction means a foreign exchange transaction in which each counterparty is obligated to make a final transfer of one or more currencies only if the other counterparty has made a final transfer of one or more currencies.

41. Non-DvP/non-PvP transaction means any other delayed or unsettled transaction that does not meet the definition of a delivery-versus-payment or a payment-versus-payment transaction.

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## Schedule HC-R

weighting under §.38 of the regulatory capital rules.

Do not include in this item: (1) cleared transactions that are marked-to-market daily and subject to daily receipt and payment of variation margin; (2) repo-style transactions, including unsettled repo-style transactions; (3) one-way cash payments on over-the-counter derivatives; and (4) transactions with a contractual settlement period that is longer than the normal settlement period (generally greater than 5 business days).

- *In column C-0% risk weight*, include the fair value of deliverables owed to the holding company by a counterparty that qualifies for a zero percent risk weight under §.32 of the regulatory capital rules that have been delayed one to four business days for non-DvP/non-PvP transactions.
- *In column G-20% risk weight*, include the fair value of deliverables owed to the holding company by a counterparty that qualifies for a 20 percent risk weight under §.32 of the regulatory capital rules that have been delayed one to four business days for non-DvP/non-PvP transactions.
- *In column H-50% risk weight*, include the fair value of deliverables owed to the holding company by a counterparty that qualifies for a 50 percent risk weight under §.32 of the regulatory capital rules that have been delayed one to four business days for non-DvP/non-PvP transactions.
- *In column I-100% risk weight*, include:
  - o The fair value of deliverables owed to the holding company by a counterparty that qualifies for a 100 percent risk weight under §.32 of the regulatory capital rules that have been delayed one to four business days for non-DvP/non-PvP transactions.
  - o The positive current exposure of DvP and PvP transactions in which the counterparty has not made delivery or payment within 5 to 15 business days after the contractual settlement date.
- *In column J-150% risk weight*, include the fair value of deliverables owed to the holding company by a counterparty that qualifies for a 150 percent risk weight under §.32 of the regulatory capital rules that have been delayed one to four business days for non-DvP/non-PvP transactions.
- *In column O-625% risk weight*, the positive current exposure of DvP and PvP transactions in which the counterparty has not made delivery or payment within 16 to 30 business days after the contractual settlement date.
- *In column P-937.5% risk weight*, the positive current exposure of DvP and PvP transactions in which the counterparty has not made delivery or payment within 31 to 45 business days after the contractual settlement date.
- *In column Q-1250% risk weight*, include:
  - o The positive current exposure of DvP and PvP transactions in which the counterparty has not made delivery or payment within 46 or more business days after the contractual settlement date;
  - o The fair value of the deliverables in Non-DvP/non-PvP transactions in which the holding company has not received deliverables from the counterparty five or more business days after which the delivery was due.

### **Totals**

- 23 Total assets, derivatives, off-balance sheet items, and other items subject to risk weighting by risk weight category.** For each of columns C through P, report the sum of items 11 through 22. For column Q, report the sum of items 10 through 22.
- 24 Risk weight factor.**
- 25 Risk-weighted assets by risk weight category.** For each of columns C through Q, multiply the amount in item 23 by the risk weight factor specified for that column in item 24.

## Schedule HC-R

**26** **Risk-weighted assets base for purposes of calculating the allowance for loan and lease losses, 1.25 percent threshold.** Report the sum of:

- *Schedule HC-R, Part II:*
  - o Items 2(b) through 20, column S;
  - o Items 9(a), 9(b), 9(c), 9(d), and 10, columns T and U; and
  - o Item 25, columns C through Q
- *Schedule HC-R, Part I:*
  - o The portion of item 10(b) composed of “Investments in the institution’s own shares to the extent not excluded as part of treasury stock,”
  - o The portion of item 10(b) composed of “Reciprocal cross-holdings in the capital of financial institutions in the form of common stock,”
  - o Items 11 and 13 through 16
  - o Item 24, excluding the portion of item 24 composed of tier 2 capital deductions reported in Part I, item 33, for which the institution does not have a sufficient amount of tier 2 capital before deductions reported in Part I, item 32.a, to absorb these deductions, and
  - o Item 33.

For holding companies that have adopted the current expected credit losses methodology (CECL), the risk-weighted assets base reported in this item 26 is for purposes of calculating the adjusted allowances for credit losses (AACL) 1.25 percent threshold.

NOTE: Item 27 is applicable only to holding companies that are subject to the market risk capital rule.

**27** **Standardized market risk-weighted assets.** Report the amount of the holding company’s standardized market risk-weighted assets. This line item is applicable only to those holding companies covered by Subpart F of the regulatory capital rules (i.e., the market risk capital rule), as provided in §.201 of the regulatory capital rules.

A holding company’s measure for market risk for its covered positions is the sum of its value-at-

risk (VaR)-based, stressed VaR-based, incremental risk, and comprehensive risk capital requirements plus its specific risk add-ons and any capital requirement for de minimis exposures. A holding company’s market risk-weighted assets equal its measure for market risk multiplied by 12.5 (the reciprocal of the minimum 8.0 percent capital ratio).

A covered position is a trading asset or trading liability (whether on- or off-balance sheet), as reported on Schedule HC-D, that is held for any of the following reasons:

- (1) For the purpose of short-term resale;
- (2) With the intent of benefiting from actual or expected short-term price movements;
- (3) To lock in arbitrage profits; or
- (4) To hedge another covered position.

Additionally, the trading asset or trading liability must be free of any restrictive covenants on its tradability or the holding company must be able to hedge the material risk elements of the trading asset or trading liability in a two-way market. A covered position also includes a foreign exchange or commodity position, regardless of whether the position is a trading asset or trading liability (excluding structural foreign currency positions if supervisory approval has been granted to exclude such positions).

A covered position does not include:

- (1) An intangible asset (including any servicing asset);
- (2) A hedge of a trading position that is outside the scope of the holding company’s hedging strategy;
- (3) Any position that, in form or substance, acts as a liquidity facility that provides support to asset-backed commercial paper;
- (4) A credit derivative recognized as a guarantee for risk-weighted asset calculation purposes under the regulatory capital rules for credit risk;
- (5) An equity position that is not publicly traded (other than a derivative that references a publicly traded equity);

# Schedule HC-R

- (6) A position held with the intent to securitize; or
- (7) A direct real estate holding.

**28** **Risk-weighted assets before deductions for excess allowance for loan and lease losses, and allocated transfer risk reserve.** Report the sum of items 2(b) through 20, column S; items 9(a), 9(b), 9(c), 9(d), and 10, columns T and U; item 25, columns C through Q; and, if applicable, item 27. (Item 27 is applicable only to holding companies that are subject to the market risk capital rule).

For holding companies that have adopted the current expected credit losses methodology (CECL), the risk-weighted assets reported in this item 28 represents the amount of risk-weighted assets before deductions for excess adjusted allowances for credit losses (AACL) and allocated transfer risk reserve.

**29** **LESS: Excess allowance for loan and lease losses.** Report the amount, if any, by which the holding company's ALLL or AACL, as applicable for regulatory reporting purposes exceeds 1.25 percent of the holding company's risk-weighted assets base reported in Schedule HC-R, Part II, item 26.

For a holding company that has not adopted the current expected credit losses methodology (CECL), the holding company's ALLL for regulatory capital purposes equals Schedule HC, item 4(c), "Allowance for loan and lease losses," less any allocated transfer risk reserve included in Schedule HC, item 4(c) plus Schedule HC-G, item 3, "Allowance for credit losses on off-balance sheet credit exposures." If a holding company's ALLL or AACL, as applicable for regulatory capital purposes, as defined in the preceding sentence, exceeds 1.25 percent of Schedule HC-R, Part II, item 26, the amount to be reported in this item equals the holding company's ALLL or AACL, as applicable for regulatory capital purposes less Schedule HC-R, Part I, item 30(a), "Allowance for loan and lease losses includable in Tier 2 capital."

For a holding company that has adopted

CECL, the holding company's AACL for regulatory capital purposes equals Schedule H, Part II, item 7, columns A and B, "Balance end of current period" for loans and leases held for investment and held-to-maturity debt securities, respectively; plus Schedule HI-B, Part II, Memorandum item 6, "Allowance for credit losses on other financial assets measured at amortized cost (not included in item 7, above)"; less Schedule HC-R, Part II, sum of Memorandum items 5(a), 5(b) and 5(c) "Amount of allowances for credit losses on purchased credit-deteriorated assets" for loans and leases held for investment, held-to-maturity debt securities, and other financial assets measured at amortized cost, respectively; less any allocated transfer risk reserve included in Schedule HI-B, Part II, item 7, columns A and B, and Memorandum item 6; plus Schedule HC-G, item 3, "Allowance for credit losses on off-balance sheet credit exposures."

For a holding company that has not adopted CECL, the sum of the amounts reported in Schedule HC-R Part I, item 30(a), and Schedule HC-R, Part II, item 29, must equal Schedule HC item 4(c) less any allocated transfer risk reserve included in Schedule HC item 4(c), plus Schedule HC-G, item 3.

**30** **LESS: Allocated transfer risk reserve.** Report the entire amount of any allocated transfer risk reserve (ATRR) the reporting holding company is required to establish and maintain as specified in Section 905(a) of the International Lending Supervision Act of 1983, in the agency regulations implementing the Act (Subpart D of Federal Reserve Regulation K), and in any guidelines, letters, or instructions issued by the agencies. The entire amount of the ATRR equals the ATRR related to loans and leases held for investment (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.

**31** **Total risk-weighted assets.** Report the amount derived by subtracting items 29 and 30 from item 28.



# Schedule HC-R

Items Memo 1, 2 and 3, columns A, B and C are to be reported semiannually in June and December by HCs with less than \$5 billion in total assets.

## Memoranda

### Item No. Caption and Instructions

**M1** **Current credit exposure across all derivative contracts covered by the regulatory capital rules.** Report the total current credit exposure amount after considering applicable legally enforceable bilateral netting agreements for all interest rate, foreign exchange rate, gold, credit (investment grade reference assets), credit (non-investment grade reference assets), equity, precious metals (except gold), and other derivative contracts that are over-the-counter derivative contracts (as defined in §.2 of the regulatory capital rules) or derivative contracts that are cleared transactions (as described in §.2 of the regulatory capital rules) and are covered by §.34 and §.35 of the regulatory capital rules, respectively. Holding companies that are subject to the market risk capital rule should exclude all covered positions subject to that rule, except for foreign exchange derivatives that are outside of the trading account. Foreign exchange derivatives that are outside of the trading account and all over-the-counter 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 holding company is the protection purchaser (beneficiary) and the credit derivative contract is either (a) defined as a covered position under the market risk capital rule or (b) not defined as a covered position under the market risk capital rule and is not recognized as a guarantee for regulatory capital purposes.

As discussed further below, 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.

Exclude the positive fair value of derivative contracts that are neither over-the-counter

derivative contracts nor derivative contracts that are cleared transactions under §.2 of the regulatory capital rules. Such derivative contracts include written option contracts, including so-called “derivative loan commitments,” i.e., a lender’s commitment to originate a mortgage loan that will be held for resale. Written option contracts that are, in substance, financial guarantees, are discussed below. For “derivative loan commitments,” which are reported as over-the-counter written option contracts in Schedule HC-L, if the fair value of such a commitment is positive and reported as an asset in Schedule HC, item 11, this positive fair value should be reported in the appropriate risk-weight category in Schedule HC-R, Part II, item 8, and not as a component of the current credit exposure to be reported in this item.

Purchased options held by the reporting holding company that are traded on an exchange are covered by the regulatory capital rules 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 that does not meet the definition of a *securitization exposure* as described in §.2 of the regulatory capital rules, then for risk-based capital purposes the notional amount of the option should be included in Schedule HC-R, Part II, item 17, column A, as part of “All other off-balance sheet liabilities.” An example of such a contract occurs when the reporting holding company writes a put option to a second holding company or a bank that 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 holding company or bank, the reporting holding

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## Schedule HC-R

company would be required by the second holding company or bank to take the loan onto its books.

Do not include derivative contracts that meet the definition of a securitization exposure as described in §.2 of the regulatory capital rules; such derivative contracts must be reported in Schedule HC-R, Part II, item 10.

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. Current credit exposure should be derived as follows: Determine whether a qualifying master netting agreement, as defined in §.2 of the regulatory capital rules, is in place between the reporting 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 regulatory capital rules 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 qualifying master netting agreements and (ii) the total positive fair values of all other contracts covered by the regulatory capital rules for both over-the-counter and centrally cleared contracts. 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, items 20 or 21, column B, depending on whether the contracts are centrally cleared.

**M2**     **Notional principal amounts of over-the-counter derivative contracts.** Report in the appropriate subitem and column the notional amount or par value of all over-the-counter derivative contracts, including credit deriva-

tory capital rules.<sup>43</sup> Such contracts include swaps, forwards, and purchased options. Do not include over-the-counter derivative contracts that meet the definition of a securitization exposure as described in §.2 of the regulatory capital rules; such derivative contracts must be reported in Schedule HC-R, Part II, item 10. Report notional amounts and par values in the column corresponding to the OTC derivative 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.

The notional amount or par value to be reported for an OTC 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 percent and LIBOR multiplied by 10 has an effective notional amount of \$10,000,000.)

The notional amount to be reported for an amortizing OTC 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 12. For a description of "credit derivative contracts," refer to the instructions for Schedule HC-L, item 7.

Exclude from this item the notational amount of OTC written contracts, including so-called "derivative loan commitments," which are not subject to §.34 of the regulatory capital rules.

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43. See the instructions for Schedule HC-R, Part II, item 20, for the definition of an OTC derivative contract.

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## Schedule HC-R

**M3**      **Notional principal amounts of centrally cleared derivative contracts.** Report in the appropriate subitem and column the notional amount or par value of all derivative contracts, including credit derivatives, that are cleared transactions (as described in §.2 of the regulatory capital rules) and are subject to §.35 of the regulatory capital rules.<sup>44</sup> Such centrally cleared derivative contracts include swaps, forwards, and purchased options. Do not include centrally cleared derivative contracts that meet the definition of a securitization exposure as described in §.2 of the regulatory capital rules; such derivative contracts must be reported in Schedule HC-R, Part II, item 10. Report notional amounts and par values in the column corresponding to the centrally cleared derivative 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.

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44. See the instructions for Schedule HC-R, Part II, item 21, for the description of a centrally cleared derivative contract.

The notional amount or par value to be reported for a centrally cleared 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 percent 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 12. For a description of "credit derivative contracts," refer to the instructions for Schedule HC-L, item 7.

- 2(a) and 3(a)**      **Interest rate. Report the remaining maturities of interest rate contracts that are** subject to the regulatory capital rules.
- 2(b) and 3(b)**      **Foreign exchange rate and gold. Report the remaining maturities of foreign** exchange contracts and the remaining maturities of gold contracts that are subject to the regulatory capital rules.
- 2(c) and 3(c)**      **Credit (investment grade reference asset). Report the remaining maturities of** those credit derivative contracts where the reference entity meets the definition of investment grade as described in §.2 of the regulatory capital rules.
- 2(d) and 3(d)**      **2(d)Credit (non-investment grade reference asset). Report the remaining maturities of** those credit derivative contracts where the reference entity does not meet the definition of investment grade as described in §.2 of the regulatory capital rules.
- 2(e) and 3(e)**      **Equity. Report the remaining maturities of equity derivative contracts that are** subject to the regulatory capital rules.
- 2(f) and 3(f)**      **Precious metals (except gold). Report the remaining maturities of other precious** metals contracts that are subject to the regulatory capital rules. Report all silver, platinum, and palladium contracts.
- 2(g) and 3(g)**      **Other. Report the remaining maturities of other derivative contracts that are subject** to the regulatory capital rules. 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.

# Schedule HC-R

**M4**      **Standardized market risk-weighted assets attributable to specific risk (included in Schedule HC-R, item 27).**

NOTE: Memorandum item 4 is applicable only to holding companies that are subject to the market risk capital rule.

Report the amount of the holding company's market risk-weighted assets attributable to specific risk, included in Schedule HC-R, Part II, item 26, "Standardized measurement of market risk-weighted assets (applicable to all holding companies that are covered by the Market Risk Rule)." 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, holding companies should refer to the discussion of "Holding companies that are subject to the market risk capital rules" in the Risk-Weighted Assets section of these instructions, the line item instructions for Schedule HC-R, Part II, item 27, and the regulatory capital rules for specific instructions on the calculation of the measure of market risk.

**M5**      **Amounts of allowances for credit losses on purchased credit-deteriorated assets:** ASU 2016-13 introduces the concept of purchased credit-deteriorated (PCD) assets as a replacement for purchased credit-impaired (PCI) assets. The PCD asset definition covers a broader range of assets than the PCI asset definition. As defined in ASU 2016-13, "purchased credit-deteriorated assets" are acquired individual financial assets (or acquired groups of financial assets with similar risk characteristics) accounted for in accordance with ASC Topic 326, Financial Instruments—Credit Losses, that, as of the date of acquisition, have experienced a more-than-insignificant deterioration in credit quality since origination, as determined by the acquiring institution's assessment.

ASU 2016-13 requires holding companies to estimate and record a credit loss allowance for a PCD asset at the time of purchase. The credit loss allowance is then added to the purchase price to determine the amortized cost basis of the asset for financial reporting purposes. Post-acquisition increases in credit loss allowances on PCD assets will be established through a charge to earnings. This accounting treatment for PCD assets is different from the current treatment of PCI assets, for which institutions are not permitted to estimate and recognize credit loss allowances at the time of purchase. Rather, in general, credit loss allowances for PCI assets are estimated subsequent to the purchase only if there is deterioration in the expected cash flows from the assets.

NOTE: Memorandum items 5(a) through 5(c) should be completed only by holding companies that have adopted FASB Accounting Standards Update No. 2016-13 (ASU 2016-13), which governs the accounting for credit losses. Institutions that have not adopted ASU 2016-13 should leave Memorandum items 5(a) through 5(c) blank.

**5a**      **Amounts of allowances for credit losses on purchased credit-deteriorated assets:** Loans and leases held for investment. Report all allowances for credit losses on PCD loans and leases.

**5b**      **Amounts of allowances for credit losses on purchased credit-deteriorated assets:** Held-to-maturity debt securities. Report all allowances for credit losses on PCD HTM debt securities.

**5c**      **Amounts of allowances for credit losses on purchased credit-deteriorated assets:** Other financial assets measured at amortized cost. Report all allowances for credit losses on all other PCD assets, excluding PCD loans, leases, HTM debt securities, and AFS debt securities.

## LINE ITEM INSTRUCTIONS FOR

# Servicing, Securitization, and Asset Sale Activities Schedule HC-S

by holding companies  
with \$5 billion or more  
in total assets

### 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 of this schedule), subordinated securities and other enhancements (which are reported in items 2 and 9, and Memorandum items 3(a)(1) and (2)), and seller’s interests (which are reported in item 6).

### 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, 7 and 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 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.

*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



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## Schedule HC-S

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 holding company to credit risk directly or indirectly associated with the transferred assets that exceeds a pro rata share of the 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

A holding company should report information in Schedule HC-S, items 1 through 6, only for those securitizations for which the transferred assets qualify for sale accounting or are otherwise not carried as assets on the holding company’s consolidated balance sheet.

### 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.

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## Schedule HC-S

Include in column C the amount outstanding of any credit card fees and finance charges that the reporting holding company has securitized and sold in connection with its securitization and sale of credit card receivable balances.

Include the principal balance outstanding of loans the reporting holding company has (1) pooled into securities that have been guaranteed by the Government National Mortgage Association (Ginnie Mae) and (2) sold with servicing rights retained.

Include small business obligations transferred with recourse under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994 that the reporting holding company has securitized and sold.

*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.

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 column 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.

Report the total of:

- (1) The carrying value of credit-enhancing interest-only strips included as securities in Schedule HC-B, as other assets in Schedule HC-F, or as trading assets in Schedule HC, item 5, that the reporting holding company has retained as credit enhancements in connection with the securitization structures reported in Schedule HC-S, item 1, above.
- (2) The carrying value of subordinated securities and other residual interests carried as on-balance sheet assets that the reporting holding company has retained in connection with the securitization structures reported in Schedule HC-S, item 1, above.
- (3) 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 holding company has provided or retained in connection with the securitization structures reported in Schedule HC-S, item 1, above. Include the maximum contractual amount of recourse the bank has retained on the small business obligations transferred with recourse that the reporting holding company has securitized and sold, the outstanding principal balance of which was 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.

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# Schedule HC-S

Do not include unused portions of commitments that function as liquidity facilities (report such unused commitments in Schedule HC-S, item 3).

**Note: Item 3 is to be completed by holding companies with \$100 billion or more in total assets.**

**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 the securitization 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.

**Note: Item 6 is to be completed by holding companies with \$10 billion or more in total assets.**

**Line Item 6 Amount of ownership (or seller's) interests carried as securities or loans.**

Report in the appropriate column 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. Ownership (or seller's) interests may be in the form of securities or loans.

**Line Item 7–8 Not applicable.**

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'**

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## Schedule HC-S

### **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 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)).

**Note: Item 10 is to be completed by holding companies with \$10 billion or more in total assets.**

### **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.

Include small business obligations transferred with recourse under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994, which the reporting holding company has sold, but which were not securitized by the reporting holding company.

#### **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



# Schedule HC-S

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.

Include the maximum contractual amount of recourse the holding company has retained on small business obligations transferred with recourse that the reporting holding company has sold, but not securitized, the unpaid principal balance of which was reported in Schedule HC-S, item 11, above.

## Memoranda

**Line Item M1 Not applicable.**

**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 reporting 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. A holding company should report the outstanding principal balance of assets for which it is the contractual servicer of record without regard to any subservicing agreements applicable to the assets. 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 State-

ment No. 167, *Amendments to FASB Interpretation No. 46(R)*), respectively, a 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.

**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.



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## Schedule HC-S

### **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.

**NOTE: Memorandum items 3.a.(1) through 3.b.(2) are to be completed by holding companies with \$10 billion or more in total assets.**

### **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 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 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), an affiliate of the bank or holding company, or the reporting 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 holding company, or the reporting 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

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## Schedule HC-S

*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 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 holding company, or the reporting 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 holding company, or the reporting holding company.

### **Line Item M4 Outstanding credit card fees and finance charges.**

*Note: Memorandum item 4 is to be completed only by those holding companies with \$10 billion or more in total*

*assets that: 1) together with affiliated institutions, have outstanding credit card receivables that exceed \$500 million as of the report date or (2) 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, column C.*

Credit card specialty holding companies are defined as those 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 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 holding company or other company has a variable interest or interests in a VIE, ASC Topic 810 provides guidance for determining whether the holding company or other company must consolidate the VIE. If a holding company or other company has a controlling interest in a VIE, it is deemed to be the primary beneficiary of the VIE and, therefore, must consolidate the VIE. Information, see the Glossary entry for "variable interest entity."

Schedule HC-V collects information on VIEs that have been consolidated by the reporting holding company because the 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. For holding companies that have not yet adopted ASU 2016-13, which governs the accounting for credit losses, 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.

Holding companies that have adopted ASU 2016-13 should report the asset amounts in Schedule HC-V net of any applicable allowances for credit losses included in amounts reported on Schedule HC, Balance Sheet.

### 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, Other VIEs:** Other VIEs are VIEs other than securitization vehicles. Other VIEs include asset-backed commercial paper (ABCP) conduits.

For purposes of items 1 through 4 of Schedule HC-V, information about each consolidated VIE should be included in only one of the two 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 and, for holding companies that have adopted ASU 2016-13, any related allowances for credit losses. Exclude assets of consolidated VIEs that cannot be used only to settle obligations of the same

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# Schedule HC-V

consolidated VIEs (report such assets in Schedule HC-V, item 3, below).

## **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) Securities not held for trading.**

Report in the appropriate column the total amount of held-to-maturity securities and available-for-sale securities held by consolidated VIEs included in Schedule HC, item 2(a), “Held-to-maturity securities,” and HC, item 2(b), “Available-for-sale securities,” that can be used only to settle obligations of the same consolidated VIEs.

## **Line Item 1(c) Loans and leases held for investment, net of allowance, and held for sale.**

Report in the appropriate column the total of the amount of loans and leases held for sale and held for investment that is held by consolidated VIEs included in Schedule HC, item 4(a), “Loans and leases held for sale,” and item 4(b), “Loans and leases held for investment,” respectively, that can be used only to settle obligations of the same consolidated VIEs, less the amount of allowances for loan and lease losses, or for institutions that have adopted ASU 2016-13, less the amount of allowance for credit losses on loans and leases 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.

For holding companies that have adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule HC, item 2(c)), also report in the appropriate column of this item the amount of equity securities with readily determinable fair values not held for trading held by consolidated VIEs included in Sched-

ule HC, item 2(c), “Equity securities with readily determinable fair values not held for trading,” that can be used only to settle obligations of the same consolidated VIEs.

## **Line Item 1(d) 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(e) 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(d), 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 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 holding company. Exclude liabilities of consolidated VIEs for which creditors have recourse to the general credit of the reporting holding company (report such liabilities in Schedule HC-V, item 4, below).

### **Line Item 2(a) Other borrowed money.**

Report in the appropriate column the amount of other borrowed money (including commercial paper) of consolidated 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 holding company.

### **Line Item 2(b) 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, item 2(a) above, for which the creditors on these liabilities do not have recourse to the general credit of the reporting holding company.

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## Schedule HC-V

### **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(e), 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.

Holding companies that have adopted ASU 2016-13, report items net of any applicable allowances for credit losses allocated to these assets.

### **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) and 2(b).

### **Line Item 5 Total assets of asset-backed commercial paper (ABCP) conduit VIEs.**

Report the total assets of consolidated ABCP conduit VIEs, i.e., VIEs that primarily issue externally rated commercial paper backed by assets or other exposures. Include assets held by consolidated ABCP conduit VIEs that are included in Schedule HC-V, items 1(a) through 1(e) and 3, column B, above.

### **Line Item 6 Total liabilities of ABCP conduit VIEs.**

Report the total liabilities of consolidated ABCP conduit VIEs. Include liabilities of ABCP conduit VIEs that are included in Schedule HC-V, items 2(a), 2(b), and 4, column B, 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 holding company 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 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 holding company 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 holding

company may provide estimates in lieu of inaccessible actual data.

If a single transaction business combination occurred where the acquiree was another holding company 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 (held for investment and held for sale).**

Report the quarterly average for all loans and leases, held for investment and held for sale, 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

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## Predecessor Financial Items

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 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.

# Notes to the Balance Sheet Other

This section has been provided to allow holding companies that so wish to explain the content of specific items in the balance sheet. The reporting 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 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 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 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 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 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 prin-

ciples) generally include transition guidance on how to initially apply the pronouncement. In general, the pronouncements require (or allow) a 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, 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 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 expenses and assets, liabilities, and capital reported in

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# Glossary

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 holding company's estimate of the remaining useful life of certain 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 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 holding companies should follow the sound accounting practices described in SAB 108 and SAB 99. Accordingly, 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 immaterial to the prior



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## Glossary

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 holding company's FR Y-9C contains a material accounting error, the 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 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 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 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 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*

Generally, if a securitization transaction meets the criteria for sale treatment and the AIR is subordinated

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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, holding companies should refer to the Interagency Advisory on the Accounting 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 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*).

Under the Federal Reserve regulatory capital rules, the term high volatility commercial real estate (HVCRE) exposure is defined, in part, to mean a credit facility that, prior to conversion to permanent financing, finances or has financed the acquisition, development, or construction of real property. (See §.2 of the regulatory capital rules and the instructions for Schedule HC-R, Part II, item 4.b.) Holding companies should note that the meaning of the term ADC as used in the definition of HVCRE exposure in the regulatory capital rules differs from the meaning of ADC arrangement for accounting purposes in ASC Subtopic 310-10 as described above in this Glossary entry. For example, a holding companies participation in the expected residual profit from a property is part of the accounting definition of an ADC arrangement, but whether the holding company participates in the expected residual profit is not a consideration for purposes of determining whether a credit facility is an HVCRE exposure for regulatory capital purposes. Thus, a loan can be treated as an HVCRE exposure for regulatory capital purposes even though it does not provide for the holding company to participate in the property’s expected residual profit.

**Agreement Corporation:** See “Edge and Agreement corporation.”

**Allowance for Loan and Lease Losses:** Each 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 holding company has intent and ability to hold for the foreseeable future or until maturity or payoff. Each holding company should

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1. See ASC Subtopic 860-10.

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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 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).

As of the end of each quarter, or more frequently if warranted, the management of each 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 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 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 holding company from “carrying over” or creating loan loss allowances in the initial accounting for “purchased impaired loans,” i.e., loans that a 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 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 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 holding company makes a full or partial direct write-down of a loan or lease that is uncollectible, the 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 holding company concludes that the prospects for recovering the charge-off have improved, regardless of whether the holding company assigns a new account number to the

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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 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 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 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, 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, 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 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 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



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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 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” items noted above. The bank subsidiary’s holdings of its own acceptances will be reported either in “Loans and leases, held for investment” (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 holding company or a subsidiary of the holding company (other than the accepting bank subsidiary) purchases an acceptance executed by one of the reporting holding company’s subsidiary banks. In this case, the process of consolidation eliminates the consolidated 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 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 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 holding company has a subsidiary of the 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 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

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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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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 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 holding companies or their 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 the participation in HC-R, Part II item 17 “All other off-balance sheet liabilities.” This same reporting treatment applies to a 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 holding company that both acquires and conveys a participation in another institution’s acceptance must report the amount of the “All other off-balance sheet liabilities” item in Schedule HC-R, Part II.

- (3) *Acceptances owned by the reporting holding company.* The treatment of acceptances owned or held by the reporting 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 holding company or by a bank that is not a subsidiary of the reporting holding company. All acceptances held by the reporting holding company in trading accounts (whether acceptances of a bank of the reporting holding company or of banks outside the holding company) are to be reported in Schedule HC, item 5, “Trading assets.” Holding companies that must complete Schedule HC-D, Trading Assets and Liabilities, will identify their holdings in item 9, “Other trading assets.” The reporting holding company’s holdings of acceptances other

than those in its trading account (whether acceptances of a bank subsidiary of the reporting holding company or of banks outside the holding company) are to be reported in Schedule HC, item 4(b), “Loans and leases, held for investment,” and in Schedule HC-C which calls for detail on “Loans and lease financing receivables.”

In Schedule HC-C, the reporting holding company’s holdings of acceptances of banks outside the reporting 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 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 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 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 holding company’s immediate claim is on the account party named in the accepted draft.

If the account party prepays its acceptance liability on an acceptance of a bank subsidiary of the reporting 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.

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**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 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(1), "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(1), 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(1), "Other noninterest income," are greater than \$25,000 and exceed 7 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 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

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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 holding companies chartered and headquartered in the 50 states of the United States and the District of Columbia, offices of the reporting holding company in Puerto Rico and U.S. territories and possessions are also included in “foreign” offices, but, for holding companies chartered and headquartered in Puerto Rico and U.S. territories and possessions, offices of the reporting 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

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- (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:
  - (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 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.

Section 202 of the Economic Growth, Regulatory Relief, and Consumer Protection Act, enacted on May 24, 2018, amends Section 29 of the Federal Deposit Insurance Act to except a capped amount of reciprocal deposits from treatment as, and from being reported as, brokered deposits for qualifying institutions. The FDIC has amended its regulations to conform to the treatment of reciprocal deposits set forth in Section 202. Under Section 202, brokered deposits include “brokered at reciprocal deposits.” Brokered deposits do not include those reciprocal deposits that are not “brokered reciprocal deposits.”

As defined in Section 327.S(q) of the FDIC’s regulations, “brokered reciprocal deposits” are “reciprocal deposits as defined in Section 337.6(e)(2)(v) of the FDIC’s regulation that are not excepted from an institutions brokered deposits pursuant to Section 227.6(e)” of the FDIC’s regulations. As defined in Section 337.7(e)(2)(v) “reciprocal deposits” means “deposits received by an agent institution through a deposit placement network with the same maturity (if any) and in the same aggregate amount as covered deposits placed by the agent institution in other network member banks.” Brokered reciprocal deposits should be reported as brokered deposits in Schedule HC-E, Memorandum items 1 and 2.

**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 retailed 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



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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:

- (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 holding company that are sold to brokers, dealers, or underwriters (including both bank affiliates and nonbank subsidiaries of the reporting 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 holding company or its subsidiary by a deposit broker. In other cases, a 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").



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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, which are defined as the acquisition of assets and assumption of liabilities that constitute a business, be accounted for using the acquisition method of accounting. The formation of a joint venture, the acquisition of a group of assets that do not constitute a business, and a transfer of net assets or exchange of equity interests between entities under common control are not considered business combinations and therefore are not accounted for using the acquisition method of accounting.

*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 particular 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

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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. However, a holding company that is a private company, as defined in U.S. GAAP, may elect the private company accounting alternative for the recognition of certain identifiable intangible assets acquired in a business combination provided by ASC Subtopic 805-20, Business Combinations – Identifiable Assets and Liabilities, and Any Noncontrolling Interest, if it also has adopted the private company goodwill accounting alternative provided by ASC Subtopic 350-20, Intangibles – Goodwill and Other – Goodwill. Intangible assets that are recognized separately from goodwill must be reported in Schedule HC, item 10(b), “Other intangible assets,” and in Schedule HC-M, item 12. Refer to the Glossary entry for “goodwill” for further information on the private company accounting alternative for identifiable intangible assets. See also the Glossary entries for “private company” and “public business entity.”

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.”

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 holding company. The operating results of the acquired business are to be included in the income and expenses of the reporting holding company only from the acquisition date.

*Pooling-of-interests method* – Under the pooling-of-interests method, the assets, liabilities, and capital of the 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 holding company is added to the corresponding account of the business being acquired to arrive at the balance sheet for the combined holding company. However, the capital stock outstanding of the combined 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 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 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

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applicable to the current period must also be allocated to income and expenses for the period.

*Transactions between entities under common control* – A transaction in which net assets or equity interests (e.g., voting shares) that constitute a business are transferred between entities under common control is not accounted for as a business combination. The method used to account for such transactions is similar to the pooling-of-interests method. In accordance with ASC Subtopic 805-50, when applying a method similar to the pooling-of-interests method to a transfer of net assets or an exchange of equity interests between entities under common control, the entity that receives the net assets or equity interests shall initially measure the recognized assets and liabilities transferred at their carrying amounts in the accounts of the transferring entity at the date of transfer. If the carrying amounts of the assets and liabilities transferred differ from the historical cost of the parent of the entities under common control, for example, because pushdown accounting had not been applied, then the financial statements of the receiving entity shall reflect the transferred assets and liabilities at the historical cost of the parent of the entities under common control. Consequently, and without regard to the pushdown accounting election made by the acquirer, if a parent transfers the acquiree to another entity under common control or merges the acquiree with another entity under common control, the receiving entity accounts for the acquiree using the parent's historical cost for the net assets or equity interests in the acquiree. The parent's historical cost includes the values of the acquiree's assets (including goodwill) and liabilities that were remeasured at fair value on the acquisition date of the business combination. If there has been a change in reporting entity as defined by ASC Subtopic 250-10, Accounting Changes and Error Corrections—Overall (formerly FASB Statement No. 154, "Accounting Changes and Error Corrections"), for the year in which a transaction between entities under common control occurs, income and expenses must be reported in Schedule HI, Income Statement, as though the entities 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 expense for the period.

**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 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 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

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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 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 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 holding company’s borrowings outstanding during the period. For this purpose, a 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 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



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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 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 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 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.”)

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 holding company or subsidiary of the 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



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reflected as a liability. Assets of the reporting holding company held in custody accounts at banks that are outside the holding company are to be reported on the reporting 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 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 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."

**Debt Issuance Costs:** Debt issuance costs include the underwriting, legal, accounting, printing, and other direct costs incurred in connection with the issuance of debt. ASC Subtopic 835-30, Interest—Imputation of Interest, requires debt issuance costs associated with a recognized debt liability (not measured at fair value under a fair value option) to be presented as a direct deduction from the face amount of the related debt liability, similar to debt discounts.<sup>3</sup> Debt issuance costs, like debt discounts, in effect reduce the proceeds of the borrowing, thereby increasing the effective interest rate on the debt.

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3. Refer to Accounting Standards Update (ASU) No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs," for transition guidance. For holding companies with a calendar year fiscal year, the ASU must be applied by public business entities in their March 2016 FR Y-9C Reports and by private companies in their December 2016 FR Y-9C reports. Early adoption of the ASU is permitted. Until a holding company has adopted the ASU in accordance with its applicable effective date, debt issuance costs, net of accumulated amortization, should be reported on the balance sheet as an asset (i.e., a deferred charge), in Schedule HC-F, item 6, "All other assets." The ASU is limited to the presentation of debt issuance costs; therefore, the recognition and measurement guidance for such costs is unaffected.

For purposes of these reports, institutions should report debt issuance costs as a direct deduction from the appropriate balance sheet liability category in Schedule HC, e.g., item 16, "Other borrowed money," or item 19, "Subordinated notes and debentures." However, debt issuance costs associated with a recognized liability reported at fair value under a fair value option should be expensed as incurred.

Debt issuance costs should be amortized using the effective interest method. The amortization of debt issuance costs should be reported as interest expense in the income statement category appropriate to the related liability in Schedule HI, e.g., item 2.c, "Interest on trading liabilities and other borrowed money," or item 2.d, "Interest on subordinated notes and debentures."

The guidance in ASC Subtopic 835-30 does not address the presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements. The Federal Reserve would not object to an holding company deferring and presenting debt issuance costs related to a line-of-credit arrangement as an "Other asset" and subsequently amortizing the deferred debt issuance costs ratably over the term of the arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement.

**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 postretirement 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*

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*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 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>4</sup> and the current rate of return on high-quality fixed-income debt securities<sup>5</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.

For deferred compensation agreements commonly referred to as revenue neutral or indexed retirement plans,<sup>6</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

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4. 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.

5. 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."

6. 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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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 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."

**Defined Benefit Postretirement Plans:** The accounting and reporting standards for defined benefit postretirement

plans, such as pension plans and health care plans, are set forth in ASC Topic 715, Compensation-Retirement Benefits (formerly FASB Statement No. 87, "Employers' Accounting for Pensions"; FASB Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions"; and FASB Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans"). ASC Topic 715 requires an institution that sponsors a single-employer defined benefit postretirement plan to recognize the funded status of each such plan on its balance sheet. The funded status of a benefit plan is measured as of the end of an institution's fiscal year as the difference between plan assets at fair value (with limited exceptions) and the benefit obligation. An overfunded plan is recognized as an asset, which should be reported in Schedule HC-F, item 6, "All other assets," while an underfunded plan is recognized as a liability, which should be reported in Schedule HC-G, item 4, "All other liabilities."

An institution should measure the net period benefit cost of a defined benefit plan for a reporting period in accordance with ASC Subtopic 715-30 (formerly FASB Statement No. 87) for pension plans and ASC Subtopic 715-60 (formerly FASB Statement No. 106) for other postretirement benefit plans. This cost should be reported in Schedule HI, item 7.a, "Salaries and employee benefits." However, an institution must recognize certain gains and losses and prior service costs or credits that arise on a defined benefit plan during each reporting period, net of tax, as a component of other comprehensive income (Schedule HI-A, item 10) and, hence, accumulated other comprehensive income (AOCI) (Schedule HC, item 26.b). Postretirement plan amounts carried in AOCI are adjusted as they are subsequently recognized in earnings as components of a plan's net periodic benefit cost. For further information on accounting for defined benefit postretirement plans, institutions should refer to ASC Topic 715.

An institution that has made the AOCI opt-out election in Schedule HC-R, Part I, item 3.a, should reverse the effects on AOCI of ASC Subtopic 715-20 (formerly FASB Statement No. 158) for purposes of reporting and measuring the numerators and denominators for the leverage and risk-based capital ratios. The intent of the reversal is to neutralize for regulatory capital purposes the effects on AOCI of the application of ASC Subtopic 715-20. The instructions for Schedule HC-R, Part I, items 9(d) and 26, and Schedule HC-R, Part II, item 8, provide

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guidance on how to report adjustments to Tier 1 capital and risk-weighted and total assets to reverse the effects of applying ASC Subtopic 715-20 for regulatory capital purposes.

**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 Regu-

lation 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 Holding Companies* are discussed below under the following headings:

- (I) FDI Act definition of deposits.
- (II) Transaction–nontransaction deposit 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



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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 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



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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 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

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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, or 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 by telephone (via check mailed to the depositor).

Further, savings deposit 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.

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(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>7</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; other wise 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 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 Holding Companies*, "club accounts" consist of accounts, such as Christmas club and vacation club accounts, made under written contracts that provide

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7. 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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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 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 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.



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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 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 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 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:** 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 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:



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- (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 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

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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 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

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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 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 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 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:

- (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 in earnings.
- (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.

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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>8</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.

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8. 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.

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 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



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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 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 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.”

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) 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. 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 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 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 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



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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 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 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 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 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 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 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 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 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 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 includes foreign-based subsidiaries of other U.S. banks and 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 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 holding company. Conversely, when the reporting 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.

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An Edge or Agreement subsidiary of the consolidated holding company, i.e., the majority-owned Edge or Agreement corporation of the consolidated holding company, is treated for purposes of these reports as a “foreign” office of the reporting 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 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.”

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Unless the institution that issues the equity-indexed certificate of deposit elects to account for the 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 that purchases the equity-indexed certificate of deposit elects to account for the 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 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 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*

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

See also “subsidiaries.”

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

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

A participant’s balance in an EBA is to be treated as a claim on a Federal Reserve Bank (not as a claim on the agent) and, as such, should be reported on the balance sheet in Schedule HC, item 1.b, “Interest-bearing balances” due from depository institutions. For risk-based capital purposes, the participant’s balance in an EBA is

accorded a zero percent risk weight and should be reported in Schedule HC-R, Part II, item 1, “Cash and balances due from depository institutions,” column C. A participant should not include its balance in an EBA in Schedule HC, item 3.a, “Federal funds sold.”

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

**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 holding company should remove a previously recognized liability from its balance sheet if and only if the liability has been extinguished. A liability has been extinguished if either of the following conditions are met:

- (1) The holding company pays the creditor and is relieved of its obligation for the liability. Paying the creditor includes delivering cash, other financial assets, goods, or services or the holding company’s reacquiring its outstanding debt.
- (2) The holding company is legally released from being the primary obligor under the liability, either judicially or by the creditor.

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 holding company’s debt extinguishments normally result in net gains over time should the holding company consistently report its net gains (losses) in Schedule HI, item 5(l), “Other noninterest income.”

In addition, under ASC Subtopic 470-50, *Debt – Modifications and Extinguishments* (formerly FASB Emerging Issues Task Force (EITF) Issue No. 96-19, *Debtor’s*



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*Accounting for a Modification or Exchange of Debt Instruments*), the accounting for the gain or loss on the modification or exchange of debt depends on whether the original and the new debt instruments are substantially different. If they are substantially different, the transaction is treated as an extinguishment of debt and the gain or loss on the modification or exchange is reported immediately in earnings as discussed in the preceding paragraph. If the original and new debt instruments are not substantially different, the gain or loss on the modification or replacement of the debt is deferred and recognized over time as an adjustment to the interest expense on the new borrowing. ASC Subtopic 470-50 provides guidance on how to determine whether the original and the new debt instruments are substantially different.

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

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

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

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

priority to Level 3 (unobservable). The broad principles for the hierarchy follow.

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

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



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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 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 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 repurchase 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*

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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 holding companies must follow for purposes of preparing their FR Y-9C reports.

A 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 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 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 satisfaction of the loan<sup>9</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 adjust-

ments 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 investment in 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 holding company receives in full or partial satisfaction of a loan, the 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 (other than real estate property collateralizing a consumer mortgage loan) include loans where the holding company, as creditor, has received physical possession of a borrower’s assets, regardless of whether formal foreclosure proceedings take place. A holding company, as creditor, is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan only upon the occurrence of either of the following:

- a. The holding company obtains legal title to the residential real estate property upon completion of a foreclosure even if the borrower has redemption rights whereby they have a legal right for a period of time after a foreclosure to reclaim the real estate property by paying certain amounts specified by law.
- b. The borrower conveys all interest in the residential real estate property to the bank to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. The deed in lieu of foreclosure or similar legal agreement is completed when agreed-upon terms and conditions have been satisfied by both the borrower and the creditor.<sup>10</sup>

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9. 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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10. Refer to FASB’s ASU No. 2014-04, “Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure” for transition guidance. The ASU must be applied by public business

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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 holding company receives physical possession,) 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 in Schedule HI, item 5(J) “Net gains (losses) on sales of other real estate owned.”

Reporting Certain Government-Guaranteed Mortgage Loans upon Foreclosure—ASC Subtopic 310-40 clarifies the conditions under which a creditor must derecognize a government-guaranteed mortgage loan and recognize a separate “other receivable” upon foreclosure (that is, when a creditor receives physical possession of real

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entities with a fiscal calendar year in their March 2015 FR Y-9C Reports and by private entities with a fiscal calendar year in their March 2016 FR Y-9C Reports. Early adoption is permitted. Entities can elect either a prospective or modified retrospective approach. Under the modified retrospective approach, entities should apply a cumulative-effect adjustment to residential consumer mortgage loans and OREO existing as of the beginning of the annual period for which the amendments are effective.

estate property collateralizing a mortgage loan). When these conditions are met, other real estate owned should not be recognized by a holding company. A holding company should derecognize a mortgage loan and record a separate other receivable upon foreclosure of the real estate collateral if all of the following conditions are met:

- The loan has a government guarantee that is not separable from the loan before foreclosure.
- At the time of foreclosure, the holding company has the intent to convey the property to the guarantor and make a claim on the guarantee and it has the ability to recover under that claim.
- At the time of foreclosure, any amount of the claim that is determined on the basis of the fair value of the real estate is fixed (that is, the real estate property has been appraised for purposes of the claim and thus the holding company is not exposed to changes in the fair value of the property).

This guidance is applicable to fully and partially government-guaranteed mortgage loans provided the three conditions identified above have been met. In such situations, upon foreclosure, the separate other receivable should be measured based on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor. This other receivable should be reported in Schedule HC-F, item 6, “All other assets.” Any interest income earned on the other receivable should be reported in Schedule HI, item 1(g), “Other interest income.”

*Dispositions of Foreclosed Real Estate*—Until the effective date of ASU 2014-09 “Revenue from Contracts with Customers,” which includes amendments to ASC Subtopic 610-20, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets, 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”). When it takes effect, ASC Subtopic 610-20 supersedes ASC Subtopic 360-20 for real estate sales not accompanied by a lease-back and becomes the primary accounting guidance for sales of foreclosed real estate.

This Glossary entry presents a summary of the methods included in ASC Subtopic 360-20 for holding companies that have not yet adopted ASC 610-20. For holding companies that have adopted ASC Subtopic 610-20, this

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Glossary entry also presents a summary of the provisions of ASC Subtopic 610-20, which requires the application of specified portions of ASC Topic 606, Revenue from Contracts with Customers, to a holding company's sale of repossessed nonfinancial assets such as foreclosed real estate (also referred to as other real estate owned or OREO).

Effective Date of ASU 2014-09, including ASC Subtopic 610-20 (and ASC Topic 606)—For holding companies that are public business entities, these standards are effective for fiscal years beginning after December 15, 2017, including interim reporting periods within those fiscal years. For holding companies that are not public business entities (i.e., that are private companies), the standards are effective for fiscal years beginning after December 15, 2018, and interim reporting periods within fiscal years beginning after December 15, 2019. For further information, see the Glossary entries for “public business entity” and “private company.” Early application of these standards is permitted for all holding companies for fiscal years beginning after December 15, 2016, and interim reporting periods as prescribed in the standards. A holding company that early adopts these standards must apply them (including all of ASC Topic 606 on revenue recognition) in their entirety. If holding company chooses to early adopt these standards for financial reporting purposes, the holding company should implement them in its FR Y-9C report for the same quarter-end report date.

Accounting under ASC Subtopic 360-20—This subtopic, 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.

(1) Full Accrual Method—Under the full accrual method, the disposition is recorded as a sale. Any profit resulting 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:

(a) A sale has been consummated;

- (b) The buyer's initial investment (down payment) and continuing investment (periodic payments) are adequate to demonstrate a commitment to pay for the property;
- (c) The receivable is not subject to future subordination; and
- (d) 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 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 type and characteristics of the property. To meet the continuing investment criteria, the contractual loan payments must be sufficient to repay the loan 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.

(2) 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 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



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cost recovery may also be achieved when the purchaser/borrower pledges additional collateral.

- (3) **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 loan, 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 investment in 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.**
- (4) **Reduced-Profit Method—This method is used in certain situations where the 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.

- (5) **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 in Schedule HC-G item 4, "All other liabilities," until sufficient payments or other events have occurred which allow the use of one of the other methods.**

Accounting under ASC Subtopic 610-20 (and ASC Topic 606)—The amendments to ASC Subtopic 610-20, when

effective as a result of ASU 2014-09 (as discussed above), eliminate the prescriptive criteria and methods for sale accounting and gain recognition for dispositions of OREO set forth in ASC Subtopic 360-20. Under ASC Subtopic 610-20, if the buyer of the OREO is a legal entity, a holding company should first assess whether it has a controlling financial interest in the legal entity buying the OREO by applying the guidance in ASC Topic 810, Consolidation. If holding company determines that it has a controlling financial interest in the buying legal entity, it should not derecognize the OREO and should apply the guidance in ASC Subtopic 810-10. When a holding company does not have a controlling financial interest in the buying legal entity or the OREO buyer is not a legal entity, which is expected to be the case for most sales of OREO, the holding company will recognize the entire gain or loss, if any, and derecognize the OREO at the time of sale if the transaction meets certain requirements of ASC Topic 606. Otherwise, the holding company generally will continue reporting the OREO as an asset, with any cash payments or other consideration received from the individual or entity acquiring the OREO (i.e., any down payment and any subsequent payments of principal or interest) reported as a liability in Schedule HC-G, item 4, "All other liabilities," until it becomes appropriate to recognize the revenue and the sale of the OREO in accordance with ASC Subtopic 610-20 and ASC Topic 606.<sup>11</sup>

When applying ASC Subtopic 610-20 and Topic 606, holding companies will need to exercise judgment in determining whether a contract (within the meaning of Topic 606) exists for the sale or transfer of OREO, whether the holding company has performed its obligations identified in the contract, and what the transaction price is for calculation of the amount of gain or loss. These standards apply to all sales or transfers of real estate by holding companies, but greater judgment will generally be required for seller-financed sales of OREO.

Under ASC Subtopic 610-20, when a holding company does not have a controlling financial interest in the buying legal entity or the OREO buyer is not a legal entity, the holding company's first step in assessing

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11. Although ASC Topic 606 describes the consideration received (including any cash payments) using such terms as "liability," "deposit," and "deposit liability," for regulatory reporting purposes these amounts should be reported in Schedule HC-G, item 4, and not as a deposit in Schedule HC, item 13.



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whether it can derecognize an OREO asset and recognize revenue upon the sale or transfer of the OREO is to determine whether a contract exists under the provisions of Topic 606. In the context of an OREO sale or transfer, in order for a holding company's transaction with the party acquiring the property to be a contract under ASC Topic 606, it must meet all the following criteria:

- (a) The parties to the contract have approved the contract (in writing, orally, or in accordance with other customary business practices) and are committed to perform their respective obligations;
- (b) The holding company can identify each party's rights regarding the OREO to be transferred;
- (c) The holding company can identify the payment terms for the OREO to be transferred;
- (d) The contract has commercial substance (that is, the risk, timing, or amount of the holding company's future cash flows is expected to change as a result of the contract); and
- (e) It is probable that the holding company will collect substantially all of the consideration to which it will be entitled in exchange for OREO that will be transferred to the buyer, i.e. the transaction price. In evaluating whether collectability of an amount of consideration is probable, a holding company shall consider only the buyer's ability and intention to pay that amount of consideration when it is due.

These five criteria require careful analysis for seller-financed sales of OREO. In particular, criteria (a) and (e) may require significant judgment. When determining whether the buyer is committed to perform its obligations under criterion (a) and collectability under criterion (e), a selling holding company should consider all facts and circumstances related to the buyer's ability and intent to pay the transaction price, which may include:

- Amount of cash paid as a down payment;
- Existence of recourse provisions;
- Credit standing of the buyer;
- Age and location of the property;
- Cash flow from the property;
- Payments by the buyer to third parties;

- Other amounts paid to the selling holding company, including current or future contingent payments;
- Transfer of noncustomary consideration (i.e., consideration other than cash and a note receivable);
- Other types of financing involved with the property or transaction;
- Financing terms of the loan (reasonable and customary terms, amortization, any graduated payments, any balloon payment);
- Underwriting inconsistent with the holding company's underwriting policies for loans not involving OREO sales; and
- Future subordination of the selling holding company's receivable.

Although ASC Subtopic 610-20 does not include the prescriptive minimum down payment requirements in ASC Subtopic 360-20, the amount and character of a buyer's equity (typically the down payment) and recourse provisions remain important factors when evaluating criteria (a) and (e). Specifically, the buyer's initial equity in the property immediately after the sale is an important consideration in determining whether a buyer is committed to perform its obligations under criterion (a). Furthermore, the buyer's initial equity is a factor to consider under criterion (e) when evaluating the collectability of consideration that the holding company is entitled to receive from the buyer.

In applying the revenue recognition principles in ASC Topic 606, all relevant factors are to be weighed collectively in evaluating whether the five contract criteria have been met as the first step in determining the appropriate accounting for a seller-financed OREO transaction. However, the agencies consider the down payment and financing terms to be of particular importance when making this determination. A transaction with an insignificant down payment and nonrecourse financing generally would not meet the definition of a contract (within the meaning of Topic 606) unless there is considerable support from other factors. The need for support from other factors recedes in importance for a transaction with a substantial down payment and recourse financing to a buyer with adequate capacity to repay.

If the five contract criteria in ASC Topic 606 have not been met, the holding company generally may not derecognize the OREO asset or recognize revenue (gain or

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loss) as an accounting sale has not occurred. The holding company should continue to assess the transaction to determine whether the contract criteria have been met in a later period. Until that time, any consideration the holding company has received from the buyer should generally be recorded as a deposit liability. In addition, if the transaction price is less than the carrying amount of the OREO, the holding company should consider whether this indicates a decline in fair value of the OREO that should be recognized as a valuation allowance, or an increase in an existing valuation allowance, and through a charge to expense as discussed above in this Glossary entry.

If a holding company determines the contract criteria in ASC Topic 606 have been met, it must then determine whether it has satisfied its performance obligations as identified in the contract by transferring control of the asset to the buyer. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. As it relates to a holding company's sale of OREO, ASC Topic 606 includes the following indicators of the transfer of control:

- (a) The holding company has a present right to payment for the asset;
- (b) The buyer has legal title to the asset;
- (c) The holding company has transferred physical possession of the asset;
- (d) The buyer has the significant risks and rewards of ownership of the asset; and
- (e) The buyer has accepted the asset.

For seller-financed sales of OREO, the transfer of control generally occurs on the closing date of the sale when the holding company obtains the right to receive payment for the property and transfers legal title to the buyer. However, a holding company must consider all relevant facts and circumstances to determine whether control of the OREO has transferred, which may include the selling holding company's:

- Involvement with the property following the transaction;
- Obligation to repurchase the property in the future;
- Obligation to provide support for the property following the sale transaction; and

- Retention of an equity interest in the property.

In particular, if a holding company has the obligation or right to repurchase the OREO, the buyer does not obtain control of the OREO because the buyer is limited in its ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset even though it may have physical possession. In this situation, a holding company should account for the contract as either a lease in accordance with ASC Topic 840, Leases, or a financing arrangement in accordance with ASC Topic 606. In addition, situations may exist where the selling holding company has legal title to the OREO, while the borrower whose property was foreclosed upon under the original loan still has redemption rights to reclaim the property in the future. If such redemption rights exist, the selling holding company may not be able to transfer control to the buyer of the OREO and recognize revenue until the redemption period expires.

When a contract exists and a holding company has transferred control of the property, the holding company should derecognize the OREO asset and recognize a gain or loss for the difference between the transaction price and the carrying amount of the OREO asset. Generally, the transaction price in a sale of OREO will be the contract amount in the purchase/sale agreement, including for a seller-financed sale financed at market terms. However, the transaction price may differ from the amount stated in the contract due to the existence of a significant financing component. Under the new standard, a significant financing component exists if the timing of the buyer's payments explicitly or implicitly provides the selling holding company or the buyer with a significant benefit of financing the transfer of the OREO. A seller-financed transaction of OREO at off-market terms generally indicates the existence of a significant financing component. If a significant financing component exists, the contract amount should be adjusted for the time value of money to reflect what the cash selling price of the OREO would have been at the time of its transfer to the buyer. The discount rate used in adjusting for the time value of money should be a market rate of interest considering the credit characteristics of the buyer and the terms of the financing.

**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

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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 holding companies, the functional currency will be the U.S. dollar. However, if a consolidated 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, 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 "Noninterest 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 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 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 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 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 Holding Companies. Amounts accumulated in the "Accumulated other comprehensive income" component of equity capital in Schedule HC will not be included in the holding company's results of operations until such time

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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 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 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



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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 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 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 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 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 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



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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:** According to ASC Topic 805, Business Combinations (formerly FASB Statement No. 141 (revised 2007), “Business Combinations”), goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. The private company accounting alternative for identifiable intangible assets acquired in a business combination is discussed in a subsection of this Glossary entry. In addition, see “acquisition method” in the Glossary entry for “business combinations” for guidance on the recognition and initial measurement of goodwill acquired in a business combination.

Subsequent Measurement of Goodwill - Goodwill should not be amortized, but must be tested for impairment at the reporting unit level at least annually, unless a holding company meets the definition of a private company, as defined in U.S. GAAP, and elects the goodwill amortization accounting alternative described below. Any impairment losses recognized on goodwill during the year-to-date reporting period should be reported in Schedule HI, item 7(c)(1), “Goodwill impairment losses,” except those impairment losses associated with discontinued operations, which should be reported on a net-of-tax basis in Schedule HI, item 11. Goodwill, net of any impairment losses, should be reported on the balance sheet in Schedule HC, item 10 and in Schedule HC-M, item 12.b.

*Private Company Accounting Alternative for Goodwill - ASC Subtopic 350-20, Intangibles Goodwill and Other – Goodwill (formerly FASB Statement No. 142, “Goodwill and Other Intangible Assets”), generally permits a private company, as defined in U.S. GAAP, to elect an accounting alternative for goodwill under which goodwill is amortized on a straight-line basis over a period of ten years (or less than ten years if more appropriate) and a simplified impairment model is applied to goodwill. In*

addition, if a private company chooses to adopt the goodwill accounting alternative, the private company is required to make an accounting policy election to test goodwill for impairment at either the entity level or the reporting unit level. Goodwill must be tested for impairment when a triggering event occurs that indicates that the fair value of an entity or a reporting unit, as appropriate under the private company’s accounting policy election, may be below its carrying amount. U.S. GAAP for a public business entity does not permit goodwill to be amortized, instead requiring goodwill to be tested for impairment at the reporting unit level annually and between annual tests in certain circumstances. For information on the distinction between a private company and a public business entity, see the Glossary entry for “public business entity.”

A holding company that meets the definition of a private company is permitted, but not required, to adopt the goodwill amortization accounting alternative. If a private institution issues U.S. GAAP financial statements and chooses to adopt the private company alternative, it should apply the goodwill accounting alternative in its FR Y-9C in a manner consistent with its reporting of goodwill in its financial statements.

Goodwill amortization expense should be reported in item 7.c.(1) of the FR Y-9C Report income statement (Schedule HI) unless the amortization is associated with a discontinued operation, in which case the goodwill amortization should be included within the results of discontinued operations and reported in Schedule HI, item 11.

Goodwill Impairment Testing - ASC Subtopic 350-20, provides guidance for testing and reporting goodwill impairment losses, a summary of which follows. Impairment is the condition that exists when the carrying amount of goodwill exceeds its implied fair value. Because the fair value of goodwill can be measured only as a residual and cannot be measured directly, ASC Subtopic 350-20 includes a methodology for estimating the implied fair value of goodwill for impairment measurement purposes.

The holding company’s goodwill must be tested for impairment using the holding company’s reporting units (unless the holding company is a private company that has elected the goodwill accounting alternative and has made an accounting policy election to test goodwill for impairment at the entity level). Goodwill should be

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assigned to reporting units in accordance with ASC Subtopic 350-20. The holding company itself may be a reporting unit.

Goodwill of a reporting unit must be tested for impairment annually and between annual tests upon the occurrence of a triggering event, i.e., 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. However, if a holding company is a private company that has elected the goodwill accounting alternative, goodwill must be tested for impairment only upon the occurrence of a triggering event. Examples of such events or circumstances include a significant adverse change in the business climate, unanticipated competition, a loss of key personnel, and a more-likely-than-not expectation that a reporting unit or a significant portion of a reporting unit will be sold or otherwise disposed of. In addition, goodwill must be tested for impairment after a portion of goodwill has been allocated to a business to be disposed of.

When testing the goodwill of a reporting unit<sup>12</sup> for impairment, an institution has the option of first assessing qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test described in ASC Subtopic 350-20. If determined to be necessary, the twostep impairment test shall be used to identify potential goodwill impairment and measure the amount of a goodwill impairment loss to be recognized (if any). However, an institution may choose to bypass the qualitative assessment option for any reporting unit in any period and proceed directly to performing the two-step quantitative goodwill impairment test described below.

**Qualitative Assessment** - If an institution performs a qualitative assessment and, after considering all relevant events and circumstances, determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount (including goodwill), then the institution does not need to perform the two-step quantitative goodwill impairment test. In other words, if it is more likely than not that the fair value of a reporting unit

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12. For purposes of the discussions of goodwill impairment testing, the qualitative assessment, and the quantitative impairment test, if a holding company is a private company that has elected the goodwill accounting alternative and also has elected to test goodwill for impairment at the entity level, references to the reporting unit should be read as references to the entity.

is greater than its carrying amount; an institution would not have to quantitatively test the unit's goodwill for impairment. However, if the institution instead concludes that the opposite is true (that is, it is more likely than not that the fair value of a reporting unit is less than its carrying amount), then it is required to perform the two-step quantitative goodwill impairment test described below.

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

### Quantitative Impairment Test -

- **Step 1:** The first step of the goodwill impairment test compares the fair value of a reporting unit<sup>13</sup> with its carrying amount, including goodwill. If the carrying amount of a reporting unit is greater than zero<sup>14</sup> and its fair value exceeds its carrying amount, the reporting unit's goodwill is considered not impaired and the second step of the impairment test is unnecessary. However, if the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test must be performed to measure the amount of impairment loss, if any.
- **Step 2:** The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill<sup>15</sup> with the carrying amount of that goodwill. If the implied fair value of the reporting unit's goodwill exceeds the carrying amount of that goodwill, the goodwill is considered not impaired. In contrast, if the carrying amount of the reporting unit's

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13. The fair value of a reporting unit is the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date.

14. An institution should refer ASC Subtopic 350-20 for guidance on applying the quantitative impairment test if the carrying amount of a reporting unit is zero or negative.

15. The implied fair value of goodwill should be determined in the same manner as the amount of goodwill recognized in a business combination is determined. That is, an institution must assign the fair value of a reporting unit to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination.

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goodwill exceeds the implied fair value of that goodwill, an impairment loss must be recognized in earnings in an amount equal to that excess. The loss recognized cannot exceed the carrying amount of the reporting unit's goodwill.

After an impairment loss is recognized on a reporting unit's goodwill, the adjusted carrying amount of that goodwill (i.e., the carrying amount of the goodwill before recognizing the impairment loss less the amount of the impairment loss) 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.

**Disposal of a Reporting Unit or a Business** - When a reporting unit is to be disposed of in its entirety, goodwill of that reporting unit (or a portion of the entity if the institution is a private company that has elected the goodwill accounting alternative and also has elected to test goodwill for impairment at the entity level) must be included in the carrying amount of the reporting unit when 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, an institution may not remove goodwill from its balance sheet, for example, by "selling" or "dividending" this asset to its parent holding company or another affiliate.

**Accounting by Private Companies for Identifiable Intangible Assets Acquired in a Business Combination – ASC Subtopic 805-20, Business Combinations – Identifiable Assets and Liabilities, and Any Noncontrolling Interest**, provides an accounting alternative that permits a private company, as defined in U.S. GAAP, to simplify the accounting for certain intangible assets. This accounting alternative applies when a private company is required to recognize or otherwise consider the fair value of intangible assets as a result of certain transactions, including when applying the acquisition method to a business combination under ASC Topic 805. A private company that elects the accounting alternative for identifiable intangible assets should no longer recognize separately from goodwill:

- Customer-related intangible assets unless they are capable of being sold or licensed independently from the other assets of a business, and

- Noncompetition agreements.

However, because mortgage servicing rights and core deposit intangibles are regarded as capable of being sold or licensed independently, a private company that elects this accounting alternative must recognize these intangible assets separately from goodwill, initially measure them at fair value, and subsequently measure them in accordance with ASC Topic 350.

A private company that elects the accounting alternative for identifiable intangible assets in ASC Subtopic 805-20 also must adopt the private company goodwill accounting alternative in ASC Subtopic 350-20, which is described above in this Glossary entry. However, a private company that elects the goodwill accounting alternative in ASC Subtopic 350-20 is not required to adopt the accounting alternative for identifiable intangible assets.

A private company's decision to adopt the accounting alternative for identifiable intangible assets must be made upon the occurrence of the first business combination (or other transaction within the scope of the alternative) in fiscal years beginning after December 15, 2015. The effective date of the private company's decision to adopt the accounting alternative for identifiable intangible assets depends on the timing of that first transaction as described in the applicable transition guidance in ASC Subtopic 805-20<sup>16</sup>. Customer-related intangible assets and noncompetition agreements that exist as of the beginning of the period of adoption should continue to be accounted for separately from goodwill, i.e., such existing intangible assets should not be combined with goodwill.

If a holding company that is a private company issues U.S. GAAP financial statements and adopts the accounting alternative for identifiable intangible assets, it should apply this accounting alternative in its FR Y-9C report in

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16. If the first transaction occurs in the private company's first fiscal year beginning after December 15, 2015, the adoption of the accounting alternative will be effective for that fiscal year's annual financial reporting period and all interim and annual periods thereafter. If the first transaction occurs in a fiscal year beginning after December 15, 2016, the adoption of the accounting alternative will be effective in the interim period that includes the date of the transaction and subsequent interim and annual periods thereafter. Early application of the intangibles accounting alternative is permitted for any annual or interim period for which a private company's financial statements have not yet been made available for issuance.

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a manner consistent with its reporting of intangible assets in its financial statements.

**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 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 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 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 Holding Companies shall be the sum of the following:

- (1) Taxes currently paid or payable (or receivable) for the year determined from the holding company’s federal, state, and local income tax returns for that year. Since the holding company’s tax returns will not normally be prepared until after the year-end FR Y-9C has been completed, the 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 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 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 holding company’s tax returns may differ from the estimate reported as currently payable or receivable on the year-end Report of Income for Holding Companies. An amendment to the 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 Holding Companies for report 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 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 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 holding company should



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presume that the taxing authority examining the position will have full knowledge of all relevant information. A 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 holding company's determination of the applicability of these sources to the facts and circumstances of the tax position. A 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 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 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 holding company's assessment of the merits of a tax position subsequently changes, the 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 holding company's books but are recognized in another period on the holding company's tax return. These differences result in amounts of income or expense being reported in the Report of Income for 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 holding company's provision for loan and lease losses is expensed for financial reporting purposes in one period. However, for some 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 holding company uses the straight-line method to determine the amount of depreciation expense to be reported in the Report of Income for Holding 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 Holding Companies will differ from that reported in the 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 holding company is the beneficiary, and



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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 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 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.

*Net operating loss carrybacks and carryforwards and tax credit carryforwards*—When a holding company’s deductions exceed its income for income tax purposes, it has sustained a net operating loss. To the extent permitted under a taxing authority’s laws and regulations, a net operating loss that occurs in a year following periods when the 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 Holding Companies will reflect a credit rather than an expense.

For tax years beginning before January 1, 2018, a holding company may carry back operating losses for two years for federal income tax purposes. However, in general, for tax years beginning on or after January 1, 2018, a holding company may no longer carry back operating losses to recover taxes paid in prior tax years.

Generally, a net operating loss that occurs when loss carrybacks are not available becomes a net operating loss carryforward. For tax years beginning before January 1, 2018, a holding company may carry operating losses forward 20 years for federal income tax purposes. For tax years beginning on or after January 1, 2018, net operating losses can be carried forward indefinitely for federal income tax purposes; however, for net operating losses arising in such tax years, the amount of loss that can be

carried forward and deducted in a particular year is limited to 80 percent of a bank’s taxable income in that year.

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 net operating loss and tax credit carryforwards just as they are for deductible temporary differences. As a result, a holding company can recognize the benefit of a net operating loss for tax purposes or a tax credit carryforward to the extent the 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. For tax years beginning on or after January 1, 2018, the federal corporate tax rate is a flat 21 percent rate. This flat rate replaced the graduated federal corporate tax rate structure that applied in prior tax years. If a holding company is subject to graduated tax rates and the holding company’s income level is such that graduated tax rates are a significant factor, then the 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, 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 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,

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that is disallowed for regulatory capital purposes and reported in Schedule HC-R, Part I, items 8, 15, and 16.

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

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

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

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securities, or restructuring nonperforming assets. Actions that management would take in the normal course of business are *not* considered tax-planning strategies.

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

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

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

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

*Intraperiod allocation of income taxes*—When the Report of Income for Holding Companies for a period includes the results of “Discontinued operations” that

are reportable in Schedule HI, item 11, 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 11, “Discontinued operations, net of applicable income taxes.”

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 the results of “Discontinued operations” 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 11 as applicable income taxes on discontinued operations.

*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 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”), 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 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

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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**<sup>17</sup>—Any taxes a holding company must pay in accordance with the alternative minimum tax (AMT) shall be included in the holding company's current tax expense. Amounts of AMT paid can be carried forward in certain instances to reduce the holding company's regular tax liability in future years. The 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 holding company may have transactions or items that are reportable in Schedule HI-A of the Report of Income for 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),

17. The 2017 federal tax law known as the Tax Cuts and Jobs Act eliminates the corporate AMT for tax years beginning on or after January 1, 2018. The law also provides for the use of existing AMT credits to offset a holding company's regular tax liability for tax years beginning in 2018, 2019, and 2020, with any remaining AMT credit carryforwards fully refundable in the tax year beginning in 2021.

but are not included in the pretax income reflected in Schedule HI of the Report of Income for Holding Companies. They shall be reported in Schedule HI-A net of related income tax effects. These effects may increase or decrease the 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 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 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>18</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*).

**Insurance Underwriting:** Insurance underwriting is the process whereby insurance companies assume risks (e.g.

18. 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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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 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 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.

**International Banking Facility (IBF):** *General definition*—An International Banking Facility (IBF) is a



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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 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 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 holding company.

Assets of the IBFs of the banking subsidiaries of the reporting 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 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
- (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).

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*Treatment of transactions with IBFs of other depository institutions*—Transactions between the offices of the reporting 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 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 holding company as lessee*— Any lease entered into by a lessee 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 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 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 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 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 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.

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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 holding company as lessor*—Unless a long-term creditor is also involved in the transaction, a lease entered into by a lessor 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 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 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 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 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 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 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 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 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 holding company or its consolidated subsidiaries which establishes the unqualified obligation of the account party to reimburse the issuing 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

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(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 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 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 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 holding company or a consolidated subsidiary to a designated third party (the beneficiary) contingent upon the failure of the issuing consolidated holding company's customer (the account party) to perform under the terms of the underlying contract with the beneficiary, or
- (2) obligates the 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 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 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 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 holding company's FR Y-9C;
- (2) acceptances executed by or for the account of a subsidiary bank of the reporting holding company and subsequently acquired by the consolidated holding company through purchase or discount;
- (3) customers' liability to a bank subsidiary of the reporting holding company on drafts paid under letters of credit for which the bank subsidiary of the reporting holding company has not been reimbursed;
- (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 holding company has given deposit credit to customers;
- (5) paper pledged by the 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;



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- (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 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 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 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.
- (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



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loan. However, if the 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 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 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>19</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.

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.

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19. For purposes of this report, a 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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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 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, 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 procedures 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 and is not collateral dependent, a holding company must measure impairment using 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), except that as a practical expedient, an institution may measure impairment based on a loan’s observable market price. As discussed in the following paragraph, the agencies require the impairment of an impaired 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, the impairment of an impaired collateral dependent loan must be measured using the fair value of collateral method. 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 (less estimated costs to sell, if applicable) 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.

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

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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>20</sup>

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20. 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.

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 holding company or purchased from others and, if originated by the reporting holding company, regardless of the department or subsidiary within the holding company or subsidiary that made the loan; (3) regardless of how the loan is categorized in the 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 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."

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- (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."

**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



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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*—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 credit-impaired loan, pool of loans, or debt security accounted for in accordance with that Subtopic, regardless of whether the loan, the loans in the pool or debt security had been maintained in nonaccrual status by its seller. (For purchased credit-impaired loans with common risk characteristics that are aggregated and accounted for as a pool, the determination of nonaccrual or accrual status should be made at the pool level, not at the individual loan level.) For further information, see the Glossary entry for “purchased credit-impaired loans and debt securities.”
- (2) 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 holding company’s net income is not materially overstated. However, to the extent that the 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”



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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 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 collectability 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>21</sup> A holding company’s determination as to the ultimate collectability 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 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 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.

For purposes of meeting the first test, the 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 or (3) the borrower has resumed paying the full amount of the scheduled contractual interest and principal payments on a loan that is past due and in nonaccrual status, even though the loan has not been brought fully current, and 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

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21. An asset subject to the cost recovery method required by 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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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 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."

**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. 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

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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 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 holding company reports, 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.

**Other-Than-Temporary Impairment:** See “securities activities.”

**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.

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.

An overdraft also occurs when a borrower's loan secured by real estate has an escrow account for the payment of taxes and/or insurance and the institution pays taxes or insurance on behalf of the borrower when the escrow

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account does not have sufficient funds to cover the full amount of the payment. Because escrow funds are deposits for purposes of these reports, an overdrawn escrow account should be reported as a “loan” in Schedule HC-C.

The consolidated 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 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, both member and nonmember depository institutions may hold the balances they maintain 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 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 holding company, a bank subsidiary, or a subsidiary with substantial operations, the debt instrument must contain a provision 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 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.”



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**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 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 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 represents the premium which all consolidated holding companies are required to amortize.

A discount arises when a consolidated 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 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 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 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*).

**Private Company:** A private company is a business entity that is not a public business entity. For further information, see the Glossary entry for “public business entity.”

**Public Business Entity:**

The term “public business entity” is defined in the Master Glossary in the Accounting Standards Codification (ASC). The definition states that a business entity, such as a holding company, that meets any one of five specified criteria is a public business entity for reporting purposes



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under U.S. GAAP. This also applies for FR Y-9C purposes. In contrast, a private company is a business entity that is not a public business entity. A holding company that is a public business entity is not permitted to apply private company accounting alternatives when preparing its FR Y-9C report.

As defined in the ASC Master Glossary, a business entity is a public business entity if it meets any one of the following criteria:

- It is required by the U.S. Securities and Exchange Commission (SEC) to file or furnish financial statements, or does file or furnish financial statements (including voluntary filers), with the SEC (including other entities whose financial statements or financial information are required to be or are included in a filing).
- It is required by the Securities Exchange Act of 1934 (the Act), as amended, or rules or regulations promulgated under the Act, to file or furnish financial statements with a regulatory agency other than the SEC (such as one of the federal banking agencies).
- It is required to file or furnish financial statements with a foreign or domestic regulatory agency in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer.
- It has issued debt or equity securities that are traded, listed, or quoted on an exchange or an over-the-counter market, which includes an interdealer quotation or trading system for securities not listed on an exchange (for example, OTC Markets Group, Inc., including the OTC Pink Markets, or the OTC Bulletin Board).
- It has one or more securities that are not subject to contractual restrictions on transfer, and it is required by law, contract, or regulation to prepare U.S. GAAP financial statements (including footnotes) and make them publicly available on a periodic basis (for example, interim or annual periods). An entity must meet both of these conditions to meet this criterion.

The Master Glossary also explains that if an entity meets the definition of a public business entity solely because its financial statements or financial information is included in another entity's filing with the SEC, the holding company is only a public business entity for purposes of financial statements that are filed or furnished with the

SEC, but not for other reporting purposes or for FR Y-9C purposes.

If a holding company does not meet any one of the first four criteria, it would need to consider whether it meets both of the conditions included in the fifth criterion to determine whether it would be a public business entity. With respect to the first condition under the fifth criterion, a stock institution must determine whether it has a class of securities not subject to contractual restrictions on transfer, which the FASB has stated means that the securities are not subject to management preapproval on resale. A contractual management preapproval requirement that lacks substance would raise questions about whether the stock institution meets this first condition.

**Purchase Acquisition:** See "Business combinations."

**Purchased Credit-Impaired Loans and Debt Securities:** Purchased credit-impaired loans and debt securities are loans and debt securities that a 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 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 credit-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 holding company's estimate of the undiscounted principal, interest, and other cash flows expected at acquisition to be collected on the asset over the 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

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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.

For purposes of applying the guidance in ASC Subtopic 310-30 to loans not accounted for as debt securities, an institution may aggregate loans acquired in the same fiscal quarter that have common risk characteristics and thereby use a composite interest rate and expectation of cash flows expected to be collected for the pool. To be eligible for aggregation, each loan first should be determined individually to meet the scope criteria in the first sentence of this Glossary entry. After determining that certain acquired loans individually meet these scope criteria, the institution may evaluate whether such loans have common risk characteristics, thus permitting the aggregation of such loans into one or more pools. The aggregation must be based on common risk characteristics that include similar credit risk or risk ratings, and one or more predominant risk characteristics, such as financial asset type, collateral type, size, interest rate, date of origination, term, and geographic location. Upon establishment of a pool of purchased credit-impaired loans, the pool becomes the unit of account.

Once a pool of purchased credit-impaired loans is assembled, the integrity of the pool must be maintained. An institution should remove an individual loan from a pool of purchased credit-impaired loans only if the institution sells, forecloses, or otherwise receives assets in satisfaction of the loan or if the loan is written off. When an individual loan is removed from a pool of purchased credit-impaired loans under these circumstances, the loan shall be removed at its carrying amount. Carrying amount is defined as the loan's current contractually required payments receivable less its remaining nonaccretable difference, accretable yield, and any post-acquisition loan loss allowance. An institution that accounts for a pool of purchased credit-impaired loans with common risk characteristics as one unit of account may or may not document and maintain data on the nonaccretable difference and accretable yield on a loan-by-loan basis. Accordingly, for purposes of determining the carrying amount of an individual loan in the pool, an institution may apply a systematic and rational approach to allocating the nonaccretable difference and accretable

yield for the pool to an individual loan in the pool. One acceptable approach is a pro rata allocation of the pool's total remaining nonaccretable difference and accretable yield to an individual loan in proportion to the loan's current contractually required payments receivable compared to the pool's total contractually required payments receivable.

A refinancing or restructuring of a loan within a pool of purchased credit-impaired loans should not result in the removal of the loan from the pool. In addition, a modification of the terms of a loan within a pool of purchased credit-impaired loans is not considered a troubled debt restructuring under the scope exceptions 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). However, a modification of the terms of a purchased credit-impaired loan accounted for individually must be evaluated to determine whether the modification represents a troubled debt restructuring that should be accounted for in accordance with ASC 310-40. For further information, see the Glossary entry for "troubled debt restructurings."

ASC Subtopic 310-30 does not prohibit a holding company from placing a purchased credit-impaired loan accounted for individually, a pool of purchased credit-impaired loans with common risk characteristics, or a purchased credit-impaired debt security in nonaccrual status. Because a loan (including a loan aggregated with other loans with common risk characteristics) or debt security accounted for in accordance with ASC Subtopic 310-30 has evidence of deterioration of credit quality since origination, a purchasing holding company must determine upon acquisition whether it is appropriate to recognize the accretable yield as income over the life of the loan, pool of loans or debt security using the interest method. In order to apply the interest method, the holding company must have sufficient information to reasonably estimate the amount and timing of the cash flows expected to be collected on a purchased credit-impaired loan, pool of loans or debt security. When the amount and timing of the cash flows cannot be reasonably estimated at acquisition, the holding company should place the purchased credit-impaired loan, pool of loans or debt security in a nonaccrual status and then apply the cost recovery method or cash basis income recognition to the asset. (For purchased credit-impaired loans with common risk characteristics that are aggregated and accounted for

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as a pool, the determination of nonaccrual or accrual status should be made at the pool level, not at the individual loan level.) In addition, if a purchased credit-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. The amount of a purchased credit-impaired loan, pool of loans, or debt security in nonaccrual status should be reported in the appropriate items of Schedule HC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets, column C.

When accrual of income on a purchased credit-impaired loan or purchased credit-impaired 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 reporting the amount of the loan or debt security as past due in the appropriate items of Schedule HC-N, column A or B. When accrual of income on a pool of purchased credit-impaired loans with common risk characteristics is appropriate, delinquency status should be determined individually for each loan in the pool in accordance with the individual loan's contractual repayment terms for purposes of reporting the amount of individual loans within the pool as past due in the appropriate items of Schedule HC-N, column A or B.

ASC Subtopic 310-30 prohibits a holding company from "carrying over" or creating loan loss allowances in the initial accounting for purchased credit-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 credit-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 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 the loan, the purchased credit-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. For purchased credit-impaired loans with common risk characteristics that are aggregated and accounted for as a pool, this impairment analysis should be performed subsequent to acquisition at the pool level as a whole and not at the individual loan level. Holding companies should include such postacquisition allowances in the 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, holding companies should report the amount of a purchased credit-impaired loan in the appropriate loan category (items 1 through 9). Neither the accretable yield nor the nonaccretable difference associated with a purchased impaired loan should be reported as unearned income in Schedule HC-C, item 11. In addition, holding companies should report in Schedule HC-C, Memorandum items 5(a) and 5(b), the outstanding balance and amount, respectively, of all purchased impaired credit-loans reported as held for investment in Schedule HC-C. An institution also should report the outstanding balance and amount of those held-for-investment purchased credit-impaired loans reported in Schedule HC-C, part I, Memorandum items 5.a and 5.b, that are past due 30 through 89 days and still accruing, past due 90 days or more and still accruing, or in nonaccrual status as of the report date in Schedule HC-N, Memorandum items 9.a and 9.b, column A, B, or C, respectively, in accordance with the past due and nonaccrual guidance provided above in this Glossary entry.

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 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 holding company and unrelated banks should be reported in accordance with generally accepted accounting principles.

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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 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 holding company as a result of policy claims filed by the company with insurance underwriters.

**Renegotiated “Troubled” Debt:** See “Troubled debt restructuring.”

**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 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



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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 or 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 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, held for investment,” 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, held for investment.”

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



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value, record the payment for the purchased assets (including the forward resale commitment).

**Reserve Balances, Pass-through:** See “Pass-through reserve balances.”

**Revenue from Contracts with Customers:** ASC Topic 606, Revenue from Contracts with Customers, when it becomes effective as a result of ASU 2014-09,<sup>22</sup> provides guidance on how an entity should recognize revenue from these transactions. The core principle of Topic 606 is that an entity should recognize revenue at an amount that reflects the consideration to which it expects to be entitled in exchange for transferring goods or services to a customer as part of the entity’s ordinary activities. ASU 2014-09 also added Topic 610, Other Income, to the ASC. Topic 610 applies to income recognition that is not within the scope of Topic 606, other Topics (such as Topics 840 and 842 on leases, as applicable), or other revenue or income guidance. Topic 610 applies to an institution’s sales of repossessed nonfinancial assets, such as other real estate owned (OREO). See the Glossary entry for “foreclosed assets” for guidance on the accounting and reporting for the sale of OREO and other repossessed nonfinancial assets

ASC Topic 606 specifically excludes financial instruments and other contractual rights or obligations within the scope of Topic 310, Receivables; Topic 320, Investments - Debt Securities; Topic 321, Investments - Equity Securities; Topic 815, Derivatives and Hedging; Topic 860, Transfers and Servicing, and certain other ASC Topics. Therefore, many common revenue streams in the financial sector, such as interest income, fair value adjustments, gains and losses on sales of financial instruments, and loan origination fees, are not within the scope of ASC Topic 606. However, the provisions of ASC Topic 606 may affect the timing for the recognition of, and the presentation of, those revenue streams within the scope of this accounting standard, such as certain fees associated with credit card arrangements, underwriting fees and

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22. For Holding companies that are public business entities, as defined under U.S. GAAP, the new standard is effective for fiscal years beginning after December 15, 2017, including interim reporting periods within those fiscal years. For holding companies that are not public business entities (i.e., that are private companies), the new standard is effective for fiscal years beginning after December 15, 2018, and interim reporting periods within fiscal years beginning after December 15, 2019. Early application of the new standard is permitted. See the Glossary entries for “public business entity” and “private company” for the definitions of these terms.

costs, and deposit-related fees. To achieve the core principle described above when accounting for transactions within the scope of ASC Topic 606, an institution should apply the following steps as set forth in Topic 606:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the institution satisfies a performance obligation. For further guidance on applying these steps, refer to ASC Topic 606.

**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 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 holding company’s claim on the asset. If a holding company has no claim on an

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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 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 of assets (including loan servicing assets) and that obligate a 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 non-performance 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 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 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 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

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a securitization or otherwise, and that exposes a holding company to credit risk directly or indirectly associated with the transferred asset that exceeds a pro rata share of the 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 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 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

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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 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



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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.

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 impair-

ment 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.” The amount of other-than-temporary

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impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings during the current calendar year-to-date reporting period should be reported in Schedule HI, Memorandum item 17. For a held-to-maturity debt security on which the institution has recognized an other-than-temporary impairment loss related to factors other than credit loss in other comprehensive income, the institution should report the carrying value of the debt security in Schedule HC, item 2(a), and in column A of Schedule HC-B, Securities. Under ASC Topic 320, this carrying value should be the fair value of the held-to-maturity debt security as of the date of the most recently recognized other-than-temporary impairment loss adjusted for subsequent accretion of the impairment loss related to factors other than credit loss.

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

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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. 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

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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 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 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 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 holding company or its consolidated affiliates.

If a 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 holding company that transfers its financial assets to an unconsolidated entity in a transfer that qualifies as a sale in which the 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 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 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 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 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 holding company must apply the same subsequent measurement method to each servicing asset and servicing liability in a class. Each 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 holding company’s



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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 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 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 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 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 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), 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), should be used when determining the amount of such assets, net of associated deferred tax liabilities, that exceed the 10% common equity tier 1 capital deduction thresholds in Schedule HC-R, Part I. 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 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 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 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

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revalued consistent with the method used by the reporting 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.

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 holding company, the costs of which are commonly referred to as organization costs. Organization costs for a holding company are the direct costs incurred to incorporate the 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 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 holding company’s inception through the date the 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 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 holding company’s inception through the date the 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 holding company’s inception until the beginning of the calendar year in which the holding company commences operations should be included, along with the 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 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 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 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 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 holding company.

Both notes and debentures subordinated to deposits and other subordinated notes and debentures of the holding company are to be reported in Schedule HC, item 19(a), “Subordinated notes and debentures.”

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**Subsidiaries:** The treatment of subsidiaries in the FR Y-9C depends upon the degree of ownership held by the reporting 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. For savings and loan holding companies the term “**subsidiary**,” is defined by Section 238.2 of Federal Reserve Regulation LL, which generally includes companies more than 25 percent owned or controlled by another company. However, for purposes of the *Consolidated Financial Statements for Holding Companies*, a *subsidiary* is a company in which the parent holding company directly or indirectly owns more than 50 percent of the outstanding voting stock.

An *associated company* is a corporation in which the holding company, directly or indirectly, owns 20 to 50 percent of the outstanding voting stock and over which the holding company exercises significant influence. This 20 to 50 percent ownership is presumed to carry “significant” influence unless the 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 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

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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 holding company elects should be used consistently, unless the 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 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 receivable resulting from the sale shall be reported in "Other assets." Any gain or loss resulting from such transaction shall also be recognized on the trade date. On the settlement date, disbursement of the payment or receipt of the proceeds will eliminate the respective "Other liability" or "Other asset" entry resulting from the transaction.

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

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

All securities within the scope of ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*), that a holding company

has elected to report at fair value under a fair value option with changes in fair value reported in current earnings should be classified as trading securities. In addition, for purposes of these reports, holding companies may classify assets (other than securities within the scope of ASC Topic 320 for which a fair value option is elected) and liabilities as trading if the holding company applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets and liabilities as trading positions, subject to the controls and applicable regulatory guidance related to trading activities. For example, a holding company would generally not classify a loan to which it has applied the fair value option as a trading asset unless the holding company holds the loan, which it manages as a trading position, for one of the following purposes: (1) for market making activities, including such activities as accumulating loans for sale or securitization; (2) to benefit from actual or expected price movements; or (3) to lock in arbitrage profits.

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

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



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

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 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 financing receivables, and interest-only strips receivable.<sup>23</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.

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23. 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.

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 holding company has surrendered control over transferred financial assets, the holding company must first consider whether the entity to which the financial assets were transferred would be required to be consolidated by the holding company. If it is determined that consolidation would be required by the holding company, then the transferred financial assets would not be treated as having been sold in the FR Y-9C report<sup>24</sup> even if all of the other provisions listed below are met.

*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

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trustee or other receiver for the transferor or any of its consolidated affiliates included in the financial 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.

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24. The requirements in ASC Subtopic 810-10 Consolidation – Overall (formerly FASB Interpretation No. 46 (revised December 2003), on 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.”

- (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>25</sup> — Upon the completion of a transfer of an entire

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25. The guidance in this section of this Glossary entry does not apply to a 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 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

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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 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 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

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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.

by GNMA, they are eligible for repurchase (buy-back) and the holding company is deemed to have regained effective control over these loans. The delinquent loans must be brought back onto the holding company’s books and recorded as loans, regardless of whether the holding company intends to exercise the buy-back option.

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

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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 holding company’s first annual reporting period that begins after November 15, 2009 (i.e., January 1, 2010, for a 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 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 trans-

ferred 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.



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- (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 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 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, held for investment,” 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.”

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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 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, held for investment," 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 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 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 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 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 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 investment in 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 holding company should

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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 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 holding company receives physical possession of the borrower’s assets, 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.”

Once an obligation has been restructured in a TDR, it continues to be considered a TDR until paid in full or otherwise settled, sold, or charged off (or meets the conditions discussed below under “Accounting for a Subsequent Restructuring of a Troubled Debt Restructuring”). The loan must be reported in the appropriate loan category in Schedule HC-C, items 1 through 9, and in the appropriate loan category in:

- Schedule HC-N, Memorandum item 1, if it is in compliance with its modified terms, or
- Schedule HC-N, items 1 through 7, and Memorandum item 1, if it is not in compliance with its modified terms.

However, for a loan that is a TDR (for example, because of a modification that includes a reduction in principal), if the restructuring agreement specifies a contractual interest rate that is a market interest at the time of the

restructuring and the loan is in compliance with its modified terms, the loan need not continue to be reported as a troubled debt restructuring in Schedule HC-C, Memorandum item 1, in calendar years after the year in which the restructuring took place. A market interest rate is a contractual interest rate that at the time of the restructuring is greater than or equal to the rate that the institution was willing to accept for a new loan with comparable risk. To be considered in compliance with its modified terms, a loan that is a TDR must be in accrual status and must be current or less than 30 days past due on its contractual principal and interest payments under the modified repayment terms.

### **Accounting for a Subsequent Restructuring of a TDR:**

When a loan has previously been modified in a TDR, the lending institution and the borrower may subsequently enter into another restructuring agreement. The facts and circumstances of each subsequent restructuring of a TDR loan should be carefully evaluated to determine the appropriate accounting by the institution under U.S. GAAP. Under certain circumstances it may be acceptable not to account for the subsequently restructured loan as a TDR. The Federal Reserve will not object to an institution no longer treating such a loan as a TDR if at the time of the subsequent restructuring the borrower is not experiencing financial difficulties and, under the terms of the subsequent restructuring agreement, no concession has been granted by the institution to the borrower. To meet these conditions for removing the TDR designation, the subsequent restructuring agreement must specify market terms, including a contractual interest rate not less than a market interest rate for new debt with similar credit risk characteristics and other terms no less favorable to the institution than those it would offer for such new debt. When determining whether the borrower is experiencing financial difficulties, the institution’s assessment of the borrower’s financial condition and prospects for repayment after the restructuring should be supported by a recurrent, well-documented credit evaluation performed at the time of the restructuring. When assessing whether a concession has been granted by the institution, the agencies consider any principal forgiveness on a cumulative basis to be a continuing concession. Accordingly, a TDR loan with any principal forgiveness would retain the TDR designation after subsequent restructurings.

If at the time of the subsequent restructuring the institution appropriately demonstrates that a loan meets the

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conditions discussed above, the impairment on the loan need no longer be measured as a TDR (i.e., as an impaired loan) in accordance with ASC Topic 310 and the Glossary entry for “loan impairment” and the loan need no longer be disclosed as a TDR in the FR Y-9C, except as noted below. Accordingly, going forward, loan impairment should be measured under ASC Subtopic 450-20, Contingencies — Loss Contingencies (formerly FASB Statement No. 5, “Accounting for Contingencies”). Even though the loan need no longer be measured for impairment as a TDR or disclosed as a TDR, the recorded investment in the loan should not change at the time of the subsequent restructuring (unless cash is advanced or received). In this regard, when there have been charge-offs prior to the subsequent restructuring, consistent with longstanding FR Y-9C instructions, no recoveries should be recognized until collections on amounts previously charged off have been received. Similarly, if interest payments were applied to the recorded investment in the TDR loan prior to the subsequent restructuring, the application of these payments to the recorded investment should not be reversed nor reported as interest income at the time of the subsequent restructuring.

If the TDR designation is removed from a loan that meets the conditions discussed above and the loan is later modified in a TDR or individually evaluated and determined to be impaired, then the impairment on the loan should be measured under ASC Topic 310 and the Glossary entry for “loan impairment” and, if appropriate, the loan should be disclosed as a TDR.

For a subsequently restructured TDR loan on which there was principal forgiveness and therefore does not meet the conditions discussed above, the impairment on the loan should continue to be measured as a TDR (i.e., as an impaired loan) in accordance with ASC Topic 310 and the Glossary entry for “loan impairment.”

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 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 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 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 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.



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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 holding company is permitted to invest in trust preferred securities, holding companies should report these *investments* as debt 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 holding company. The proceeds from the issuance of these securities are lent to the 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 holding company or a deconsolidated entity that qualifies as an unconsolidated subsidiary of the holding company for regulatory reporting and other regulatory purposes.

Holding companies seeking to issue such securities should consult with their Federal Reserve Bank. Under the revised regulatory capital rule, TruPS are generally

considered non-qualifying capital instruments that must be phased-out of tier 1 capital (see instructions for HC-R, Part I, items 20, 21, 27, and 28). Note that the rule permanently grandfathers non-qualifying capital instruments in the tier 1 capital of depository institution holding companies with total consolidated assets of less than \$15 billion as of December 31, 2009, and 2010 Mutual Holding Companies (subject to limits and additional requirements in case of mergers and acquisitions). Nonqualifying capital instruments under the rule include TruPS and cumulative perpetual preferred stock issued before May 19, 2010, that BHCs included in tier 1 capital under the limitations for restricted capital elements in the general risk-based capital rules.

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).

For special purpose entities that issue trust preferred securities and the entity is *not consolidated*, report the amount of subordinated notes payable by the holding company to the unconsolidated special purpose entity in Schedule HC, item 19(b).

**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 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 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

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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 holding company or other company must consolidate certain special purposes entities, such as VIEs. Under ASC Subtopic 810-10, a 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 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 holding company's power over a VIE, or the 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 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 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 holding company's reassessment it may be required to consolidate or deconsolidate the VIE if a change in the 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 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 holding company is required to consolidate a VIE because it is the primary beneficiary, the standard 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

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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 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 – Offset-

ting (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 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 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 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 March 31, 2019)

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type | Edit Number | TargetItem | MDRM Number | Edit Test  | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|------------|-------------|--|--|
| FRY9C  | 20150331             | 99991231           | No Change   | Page 1   | Validity  | 0303        | CFO        | BHCKC490    | CFO must not be null.  | bhckc490 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | Page 1   | Validity  | 0308        | DATESIGN   | BHTXJ196    | DATESIGN must not be null.   | bhtxj196 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | Page 1   | Validity  | 0304        | CONTACTN   | BHTX8901    | CONTACTN must not be null.   | bhtx8901 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | Page 1   | Validity  | 0305        | CONTACTP   | BHTX8902    | CONTACTP must not be null.   | bhtx8902 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | Page 1   | Validity  | 0306        | CONTACTF   | BHTX9116    | CONTACTF must not be null.   | bhtx9116 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | Page 1   | Validity  | 0307        | CONTACTE   | BHTX4086    | CONTACTE must not be null.   | bhtx4086 ne null   |
| FRY9C  | 20150331             | 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  | 20170331             | 99991231           | No Change   | HI       | Validity  | 1070        | HI-2f      | BHCK4073    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HI-2a1a through HI-2e must equal HI-2f.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, (bhckhk03 + bhckhk04 + bhck6761 + bhck4172 + bhck4180 + bhck4185 + bhck4397 + bhck4398) eq bhck4073  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Validity  | 1090        | HI-3       | BHCK4074    | HI-1h minus HI-2f must equal HI-3.   | (bhck4107 - bhck4073) eq bhck4074  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Validity  | 1110        | HI-5m      | BHCK4079    | Sum of HI-5a through HI-5l must equal HI-5m.   | (bhck4070 + bhck4483 + bhck4220 + bhck8886 + bhck888 + bhck887 + bhck8386 + bhckc387 + bhckb491 + bhckb492 + bhckb493 + bhck8560 + bhck8561 + bhckb496 + bhckb497) eq bhck4079                                     |
| FRY9C  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HI       | Validity  | 1150        | HI-8a      | BHCKHT69    | Sum of HI-3, HI-5m through HI-6b minus the sum of HI-4 and HI-7e must equal HI-8a.   | (bhck4074 + bhck4079 + bhck3521 + bhck3196) - (bhckj33 + bhck4093) eq bhckht69   |
| FRY9C  | 20180331             | 99991231           | No Change   | HI       | Validity  | 1155        | HI-8c      | BHCK4301    | Sum of HI-8a and HI-8b must equal HI-8c.   | (bhckht69 + bhckht70) eq bhck4301  |
| FRY9C  | 20180331             | 99991231           | No Change   | HI       | Validity  | 1170        | HI-10      | BHCK4300    | HI-8c minus HI-9 must equal HI-10.   | (bhck4301 - bhck4302) eq bhck4300  |
| FRY9C  | 20160930             | 99991231           | No Change   | HI       | Validity  | 1190        | HI-12      | BHCKG104    | Sum of HI-10 and HI-11 must equal HI-12.   | (bhck4300 + bhckf28) eq bhckg104   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Validity  | 1191        | HI-14      | BHCK4340    | HI-12 minus HI-13 must equal HI-14.  | (bhckg104 - bhcklg103) eq bhck4340   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-A     | Validity  | 1430        | HI-14      | BHCK4340    | HI-A4 must equal HI-14.  | bhck4340 eq bhck4340   |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HI       | Validity  | 1250        | HI-Mem4    | BHCK4507    | HI-Mem4 must be less than or equal to HI-1d3.  | bhck4507 le bhck4060   |
| FRY9C  | 20180331             | 99991231           | No Change   | HI       | Validity  | 1276        | HI-Mem9e   | BHCKF186    | If June and HC-K4a is greater than or equal to \$10 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 10000 or bhck3401-q4 ge 10000 or bhck3401-q5 ge 10000 or bhck3401-q6 ge 10000 or bhck3401-q7 ge 10000) then (bhck8757 + bhck8758 + bhck8759 + bhck8760 + bhckf186) eq bhck220 |
| FRY9C  | 20180331             | 99991231           | No Change   | HI       | Validity  | 1277        | HI-Mem9e   | BHCKF186    | If September and HC-K4a is greater than or equal to \$10 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 10000 or bhck3401-q5 ge 10000 or bhck3401-q6 ge 10000 or bhck3401-q7 ge 10000) then (bhck8757 + bhck8758 + bhck8759 + bhck8760 + bhckf186) eq bhck220                         |
| FRY9C  | 20180331             | 99991231           | No Change   | HI       | Validity  | 1278        | HI-Mem9e   | BHCKF186    | If December and HC-K4a is greater than or equal to \$10 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 10000 or bhck3401-q6 ge 10000 or bhck3401-q7 ge 10000 or bhck3401-q8 ge 10000) then (bhck8757 + bhck8758 + bhck8759 + bhck8760 + bhckf186) eq bhck220                         |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Validity  | 1295        | HI-Mem13   | BHCKA530    | HI-Mem13 must equal 1 (yes) or 0 (no) and HI-Mem13 must not be null.   | bhckA530 eq 1 or bhckA530 eq 0 and bhckA530 ne null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HI       | Validity  | 1300        | HI-Mem16   | BHCKF228    | For June and December, HI-Mem16 must be less than or equal to HI-1a1a.   | if mm-q1 eq 06 or mm-q1 eq 12, bhckf228 le bhck4435  |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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 + bhckb4782 + bhck4596 + bhck4591 + bhck4591 + bhck3581) - (bhck4783 + bhck4598 + bhck4460) eq bhct3210   |



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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|---------------|-------------|---|--|
| FRY9C  | 20180331             | 99991231           | No Change   | HI-B     | Validity  | 1600        | HI-B(II)9A    | BHCK4635    | Sum of HI-B(II)1a1A through HI-B(II)8BA must equal HI-B(II)9A.  | (bhckc891 + bhckc893 + bhck3584 + bhck5411 + bhckc234 + bhckc235 + bhck3588 + bhckc895 + bhckc897 + bhckb512 + bhck4655 + bhck4645 + bhck4646 + bhckb514 + bhckk129 + bhckk205 + bhck4643 + bhck4644 + bhckf185 + bhckc880) eq bhckk4635 |
| FRY9C  | 20180331             | 99991231           | No Change   | HI-B     | Validity  | 1620        | HI-B(II)9B    | BHCK4605    | Sum of HI-B(II)1a1B through HI-B(II)8BB must equal HI-B(II)9B.  | (bhckc892 + bhckc894 + bhck3585 + bhck5412 + bhckc217 + bhckc218 + bhck3589 + bhckc896 + bhckb513 + bhck4665 + bhck4617 + bhck4618 + bhckb515 + bhckk133 + bhckk206 + bhck4627 + bhck4628 + bhckf187 + bhckf188) eq bhckk4605            |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-B     | Validity  | 1730        | HI-B(II)9B    | BHCK4605    | HI-B(II)2A must equal HI-B(II)9B.   | bhct4605 eq bhck4605   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Validity  | 1640        | HI-B(II)Mem1A | BHCK5409    | HI-B(II)Mem1A must be less than or equal to the sum of HI-B(II)4aA, HI-B(II)4bA, and HI-B(II)7A.                                | bhck5409 le (bhck4645 + bhck4646 + bhck4644)   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Validity  | 1660        | HI-B(II)Mem1B | BHCK5410    | HI-B(II)Mem1B must be less than or equal to the sum of HI-B(II)4aB, HI-B(II)4bB, and HI-B(II)7B.                                | bhck5410 le (bhck4617 + bhck4618 + bhck4619 + bhck4620)  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Validity  | 1680        | HI-B(II)Mem2A | BHCK4652    | HI-B(II)Mem2A must be less than or equal to the sum of HI-B(II)1a1A through HI-B(II)1fA.  | bhck4652 le (bhckc891 + bhckc893 + bhck3584 + bhck5411 + bhckc234 + bhckc235 + bhck3588 + bhckc895 + bhckc897 + bhckb512)  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Validity  | 1700        | HI-B(II)Mem2B | BHCK4662    | HI-B(II)Mem2B must be less than or equal to the sum of HI-B(II)1a1B through HI-B(II)1fB.  | bhck4662 le (bhckc892 + bhckc894 + bhck3585 + bhck5412 + bhckc217 + bhckc218 + bhck3589 + bhckc896 + bhckc898 + bhckb513)  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-B     | Validity  | 1750        | HI-B(II)4A    | BHCK5523    | HI-B(II)3A must equal HI-B(II)9A minus HI-B(II)4A.  | bhckc079 eq (bhck4635 - bhck5523)  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-B     | Validity  | 1790        | HI-B(II)6A    | BHCKC233    | The sum of HI-B(II)1A, HI-B(II)2A, HI-B(II)5A, and HI-B(II)6A minus the sum of HI-B(II)3A and HI-B(II)4A must equal HI-B(II)7A. | (bhckb522 + bhct4605 + bhck4230 + bhckc233) - (bhckc079 + bhck5523) eq bhct3123  |
| FRY9C  | 20190331             | 99991231           | Added       | HI-B     | Validity  | 1792        | HI-B(II)6B    | BHCKJH91    | The sum of HI-B(II)1B, HI-B(II)2B, HI-B(II)5B, and HI-B(II)6B minus the sum of HI-B(II)3B and HI-B(II)4B must equal HI-B(II)7B. | (bhckjh88 + bhckjh89 + bhckjh90 + bhckjh91) - (bhckjh92 + bhckjh93)  |
| FRY9C  | 20190331             | 99991231           | Added       | HI-B     | Validity  | 1794        | HI-B(II)6C    | BHCKJH97    | The sum of HI-B(II)1C, HI-B(II)2C, HI-B(II)5C, and HI-B(II)6C minus the sum of HI-B(II)3C and HI-B(II)4C must equal HI-B(II)7C. | (bhckjh94 + bhckjh95 + bhckjh96 + bhckjh97) - (bhckjh98 + bhckjh99)  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4750        | HI-C1aA       | BHCKM708    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1aA must not be null.                                | 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 bhckm708 ne null                  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4755        | HI-C1aB       | BHCKM709    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1aB must not be null.                                | 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 bhckm709 ne null                  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4760        | HI-C1aC       | BHCKM710    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1aC must not be null.                                | 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 bhckm710 ne null                  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4765        | HI-C1aD       | BHCKM711    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1aD must not be null.                                | 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 bhckm711 ne null                  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4770        | HI-C1aE       | BHCKM712    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1aE must not be null.                                | 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 bhckm712 ne null                  |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|------------|-------------|--|---|
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4775        | HI-C1aF    | BHCKM713    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1aF must not be null. | 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 bhckm713 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4780        | HI-C1bA    | BHCKM714    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1bA must not be null. | 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 bhckm714 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4785        | HI-C1bB    | BHCKM715    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1bB must not be null. | 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 bhckm715 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4790        | HI-C1bC    | BHCKM716    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1bC must not be null. | 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 bhckm716 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4795        | HI-C1bD    | BHCKM717    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1bD must not be null. | 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 bhckm717 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4800        | HI-C1bE    | BHCKM719    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1bE must not be null. | 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 bhckm719 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4805        | HI-C1bF    | BHCKM720    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1bF must not be null. | 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 bhckm720 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4810        | HI-C1cA    | BHCKM721    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1cA must not be null. | 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 bhckm721 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4815        | HI-C1cB    | BHCKM722    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1cB must not be null. | 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 bhckm722 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4820        | HI-C1cC    | BHCKM723    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1cC must not be null. | 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 bhckm723 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4825        | HI-C1cD    | BHCKM724    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1cD must not be null. | 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 bhckm724 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4830        | HI-C1cE    | BHCKM725    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1cE must not be null. | 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 bhckm725 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4835        | HI-C1cF    | BHCKM726    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C1cF must not be null. | 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 bhckm726 ne null |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|------------|-------------|---|---|
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4840        | HI-C2A     | BHCKM727    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C2A must not be null. | 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 bhckm727 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4845        | HI-C2B     | BHCKM728    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C2B must not be null. | 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 bhckm728 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4850        | HI-C2C     | BHCKM729    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C2C must not be null. | 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 bhckm729 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4855        | HI-C2D     | BHCKM730    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C2D must not be null. | 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 bhckm730 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4860        | HI-C2E     | BHCKM731    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C2E must not be null. | 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 bhckm731 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4865        | HI-C2F     | BHCKM732    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C2F must not be null. | 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 bhckm732 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4870        | HI-C3A     | BHCKM733    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C3A must not be null. | 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 bhckm733 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4875        | HI-C3B     | BHCKM734    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C3B must not be null. | 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 bhckm734 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4880        | HI-C3C     | BHCKM735    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C3C must not be null. | 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 bhckm735 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4885        | HI-C3D     | BHCKM736    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C3D must not be null. | 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 bhckm736 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4890        | HI-C3E     | BHCKM737    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C3E must not be null. | 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 bhckm737 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4895        | HI-C3F     | BHCKM738    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C3F must not be null. | 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 bhckm738 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4900        | HI-C4A     | BHCKM739    | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C4A must not be null. | 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 bhckm739 ne null |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|------------|--------------|---|--|
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4905        | HI-C4B     | BHCKM740     | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C4B must not be null.                               | ((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 bhckm740 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4910        | HI-C4C     | BHCKM741     | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C4C must not be null.                               | ((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 bhckm741 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4915        | HI-C4D     | BHCKM742     | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C4D must not be null.                               | ((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 bhckm742 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4920        | HI-C4E     | BHCKM743     | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C4E must not be null.                               | ((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 bhckm743 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4925        | HI-C4F     | BHCKM744     | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C4F must not be null.                               | ((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 bhckm744 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-C     | Validity  | 4930        | HI-C5D     | BHCKM745     | If HC-12 (previous June) is greater than or equal to \$1 billion, then HI-C5D must not be null.                               | ((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 bhckm745 ne null |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Validity  | 4935        | HI-C()6A   | BHCKM746     | Sum of HI-C()1aA through HI-C()14A must equal HI-C()6A.   | (bhckm708 + bhckm714 + bhckm721 + bhckm727 + bhckm733 + bhckm739) eq bhckm746  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Validity  | 4940        | HI-C()6B   | BHCKM747     | Sum of HI-C()1aB through HI-C()14B must equal HI-C()6B.   | (bhckm709 + bhckm715 + bhckm722 + bhckm728 + bhckm734 + bhckm740) eq bhckm747  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Validity  | 4945        | HI-C()6C   | BHCKM748     | Sum of HI-C()1aC through HI-C()14C must equal HI-C()6C.   | (bhckm710 + bhckm716 + bhckm723 + bhckm729 + bhckm735 + bhckm741) eq bhckm748  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Validity  | 4950        | HI-C()6D   | BHCKM749     | Sum of HI-C()1aD through HI-C()15D must equal HI-C()6D.   | (bhckm711 + bhckm717 + bhckm724 + bhckm730 + bhckm736 + bhckm742 + bhckm745) eq bhckm749   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Validity  | 4965        | HI-C()6E   | BHCKM750     | Sum of HI-C()1aE through HI-C()14E must equal HI-C()6E.   | (bhckm712 + bhckm719 + bhckm725 + bhckm731 + bhckm737 + bhckm743) eq bhckm750  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Validity  | 4985        | HI-C()6E   | BHCKM750     | If HI-C()6A, HI-C()6C and HI-C()6E are not null, then HC-4B must equal the sum of HC-Q4A, HI-C()6A, HI-C()6C and HI-C()6E.    | if bhckm746 ne null and bhckm748 ne null and bhckm750 ne null then bhckb528 eq (bhckg488 + bhckm746 + bhckm748 + bhckm750)   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Validity  | 4987        | HI-C()6E   | BHCKM750     | For June and December and if HI-C()6E is not equal to null, then HC-CM5B must equal HI-C()6E.                                 | if (mm-q1 eq 06 or mm-q1 eq 12) and bhckm750 ne null, then bhckc780 eq bhckm750  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Validity  | 4989        | HI-C()6F   | BHCKM751     | If HI-C()6F is not equal to null, then HI-B()1M4 must equal HI-C()6F.   | if bhckm751 ne null then bhckc781 eq bhckm751  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Validity  | 4980        | HI-C()6F   | BHCKM751     | Sum of HI-C()1aF through HI-C()14F must equal HI-C()6F.   | (bhckm713 + bhckm720 + bhckm726 + bhckm732 + bhckm738 + bhckm744) eq bhckm751  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Validity  | 4990        | HI-C()6F   | BHCKM751     | If HI-C()6B, HI-C()6D, and HI-C()6F are not equal to null, then HC-4C must equal the sum of HI-C()6B, HI-C()6D, and HI-C()6F. | if bhckm747 ne null and bhckm749 ne null and bhckm751 ne null then bhckk3123 eq (bhckm747 + bhckm749 + bhckm751)   |
| FRY9C  | 20190331             | 99991231           | Added       | HI-C     | Validity  | 4994        | HI-C()6A   | BHCKJ11      | HI-C()6A must equal the sum of HI-C()1aA through HI-C()14A.   | (bhckj04 + bhckj05 + bhckj06 + bhckj07 + bhckj08 + bhckj09) eq bhckj11   |
| FRY9C  | 20190331             | 99991231           | Added       | HI-C     | Validity  | 4998        | HI-C()6B   | BHCKJ19      | HI-C()6B must equal the sum of HI-C()1aB through HI-C()15B.   | (bhckj12 + bhckj13 + bhckj14 + bhckj15 + bhckj16 + bhckj17 + bhckj18) eq bhckj19   |
| FRY9C  | 20190331             | 99991231           | Added       | HI-C     | Validity  | 5000        | HI-C()11B  | BHCKJ25      | Sum of HI-C()11B through HI-C()10B must equal HI-C()11B.  | (bhckj20 + bhckj21 + bhckj23 + bhckj24) eq bhckj25   |



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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|------------|-------------|--|--|
| FRY9C  | 20190331             | 99991231           | Revised     | HC-R(II) | Validity  | 3730        | HC-2a      | BHCKJ34     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)2a and HC-R(II)9a must equal HC-2a.                        | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhck0961 + bhcks475) eq bhckj34  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Validity  | 2235        | HC-2b      | BHCK1773    | HC-BBD must equal HC-2b.   | bhct1773 eq bhck1773   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-R(II) | Validity  | 3755        | HC-2b      | BHCK1773    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)2ba and HC-R(II)9ba must equal the sum of HC-2b and HC-2c. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckja21 + bhcks480) eq (bhck1773 + bhckja22)  |
| FRY9C  | 20190331             | 99991231           | Revised     | HC       | Validity  | 2025        | HC-4c      | BHCK3123    | HI-B(II)7A must equal HC-4c.   | bhct3123 eq bhck3123   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC       | Validity  | 2050        | HC-4d      | BHCKB529    | HC-4b minus HC-4c must equal HC-4d.  | (bhckb528 - bhck3123) eq bhckb529  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Validity  | 2489        | HC-5       | BHCK3545    | If HC-D12 is not equal to null, then HC-D12 must equal HC-5.   | if bhct3545 ne null then bhct3545 eq bhck3545  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3885        | HC-5       | BHCK3545    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)7A and HC-R(II)9cA must equal HC-5.                        | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhck0976 + bhcks485) eq bhck3545   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC       | Validity  | 3040        | HC-7       | BHCK2150    | HC-M13 must equal HC-7.  | bhct2150 eq bhck2150   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-M     | Validity  | 3020        | HC-10      | BHCK2143    | HC-M12d must equal HC-10.  | bhct2143 eq bhck2143   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-F     | Validity  | 2655        | HC-11      | BHCK2160    | HC-F7 must equal HC-11.  | bhct2160 eq bhck2160   |
| FRY9C  | 20190331             | 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 + bhckj34 + bhck1773 + bhckja22 + bhckmb987 + bhck0989 + bhck5369 + bhckb529 + bhck3545 + bhck2145 + bhck2150 + bhck2130 + bhck3656 + bhck2143 + bhck2160) eq bhck2170   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC       | Validity  | 2080        | HC-12      | BHCK2170    | HC-12 must be greater than zero.   | bhck2170 gt 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3945        | HC-12      | BHCK2170    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)11A must equal HC-12.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhct2170 eq bhck2170  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Validity  | 2524        | HC-15      | BHCK3548    | If HC-D15 is not equal to null, then HC-D15 must equal HC-15.  | if bhct3548 ne null then bhct3548 eq bhck3548  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 3060        | HC-16      | BHCK3190    | HC-M14d must equal HC-16.  | bhct3190 eq bhck3190   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-G     | Validity  | 2695        | HC-20      | BHCK2750    | HC-G5 must equal HC-20.  | bhct2750 eq bhck2750   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC       | Validity  | 2110        | HC-21      | BHCK2948    | For BHCs, SHCs, IHCs, Non-Bank IHCs and all SLHCs, Sum of HC-13a1 through HC-20 must equal HC-21.  | For BHCs, SHCs, IHCs, Non-Bank IHCs and all SLHCs, (bhdm6631 + bhdm6636 + bhfn6631 + bhfn6636 + bhdm993 + bhckb995 + bhck3548 + bhck3190 + bhck4062 + bhckc999 + bhck2750) eq bhck2948   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC       | Validity  | 2125        | HC-27a     | BHCK3210    | Sum of HC-23 through HC-26c must equal HC-27a.   | (bhck3283 + bhck3230 + bhck3240 + bhck3247 + bhckb530 + bhckal30) eq bhck3210  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC       | Validity  | 2127        | HC-27a     | BHCK3210    | HI-A15 must equal HC-27a.  | bhct3210 eq bhck3210   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC       | Validity  | 2135        | HC-29      | BHCK3300    | Sum of HC-21 and HC-28 must equal HC-29.   | (bhck2948 + bhckg105) eq bhck3300  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC       | Validity  | 2145        | HC-29      | BHCK3300    | HC-29 must equal HC-12.  | bhck3300 eq bhck2170   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC       | Validity  | 2150        | HC-Mem1    | BHCKC884    | For December, HC-Mem1 must equal "1" (yes) or "0" (no) and HC-Mem1 must not be null.   | if (mm-q1 eq 12) then (bhckc884 eq 1 or bhckc884 eq 0) and bhckc884 ne null  |
| FRY9C  | 20150331             | 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 be 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  | 20180630             | 99991231           | No Change   | HC-B     | Validity  | 0152        | HC-B5aA    | BHCKC026    | If HC-12 (previous June) is greater than \$10 billion, then HC-B5aA must equal sum of HC-BM5aA through HC-BM5FA.   | if (((mm-q1 eq 03) and (bhck2170-q4 gt 10000000)) or ((mm-q1 eq 06) and (bhck2170-q5 gt 10000000)) or ((mm-q1 eq 09) and (bhck2170-q6 gt 10000000)) or ((mm-q1 eq 12) and (bhck2170-q7 gt 10000000))) then bhckc026 eq (bhckb838 + bhckb842 + bhckb846 + bhckb850 + bhckb854 + bhckb858) |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|--------------|--|--|
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Validity  | 0153        | HC-B5aB     | BHCKC988     | If HC-12 (previous June) is greater than \$10 billion, then HC-B5aB must equal sum of HC-BM5aB through HC-BM5fB.                                       | if (((mm-q1 eq 03) and (bhck2170-q4 gt 10000000)) or ((mm-q1 eq 06) and (bhck2170-q5 gt 10000000)) or ((mm-q1 eq 09) and (bhck2170-q6 gt 10000000)) or ((mm-q1 eq 12) and (bhck2170-q7 gt 10000000))) then bhckc988 eq (bhckb839 + bhckb843 + bhckb847 + bhckb851 + bhckb855 + bhckb859)   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Validity  | 0154        | HC-B5aC     | BHCKC989     | If HC-12 (previous June) is greater than \$10 billion, then HC-B5aC must equal sum of HC-BM5aC through HC-BM5fC.                                       | if (((mm-q1 eq 03) and (bhck2170-q4 gt 10000000)) or ((mm-q1 eq 06) and (bhck2170-q5 gt 10000000)) or ((mm-q1 eq 09) and (bhck2170-q6 gt 10000000)) or ((mm-q1 eq 12) and (bhck2170-q7 gt 10000000))) then bhckc989 eq (bhckb840 + bhckb844 + bhckb848 + bhckb852 + bhckb856 + bhckb860)   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Validity  | 0155        | HC-B5aD     | BHCKC027     | If HC-12 (previous June) is greater than \$10 billion, then HC-B5aD must equal sum of HC-BM5aD through HC-BM5fD.                                       | if (((mm-q1 eq 03) and (bhck2170-q4 gt 10000000)) or ((mm-q1 eq 06) and (bhck2170-q5 gt 10000000)) or ((mm-q1 eq 09) and (bhck2170-q6 gt 10000000)) or ((mm-q1 eq 12) and (bhck2170-q7 gt 10000000))) then bhckc027 eq (bhckb841 + bhckb845 + bhckb849 + bhckb853 + bhckb857 + bhckb861)   |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-B     | Validity  | 2175        | HC-B8A      | BHCK1754     | Sum of HC-B1A through HC-B6bA must equal HC-B8A.   | (bhck0211 + bhckht50 + bhck8496 + bhckg300 + bhckg304 + bhckg308 + bhckg312 + bhckg316 + bhckg320 + bhckk142 + bhckk146 + bhckk150 + bhckk154 + bhckc026 + bhckht58 + bhck1737 + bhck1742) eq bhck1754   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Validity  | 2215        | HC-B8B      | BHCK1771     | Sum of HC-B1B through HC-B6bB must equal HC-B8B.   | (bhck0213 + bhckht51 + bhck8497 + bhckg301 + bhckg305 + bhckg309 + bhckg313 + bhckg317 + bhckg321 + bhckk143 + bhckk147 + bhckk151 + bhckk155 + bhckc988 + bhckht59 + bhck1738 + bhck1743) eq bhck1771   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Validity  | 2225        | HC-B8C      | BHCK1772     | Sum of HC-B1C through HC-B7C must equal HC-B8C.  | (bhck1286 + bhckht52 + bhck8498 + bhckg302 + bhckg306 + bhckg310 + bhckg314 + bhckg318 + bhckg322 + bhckk144 + bhckk148 + bhckk152 + bhckk156 + bhckc989 + bhckht60 + bhck1739 + bhck1744 + bhck1746 + bhck1747) eq bhck1772   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Validity  | 2185        | HC-B8D      | BHCT1773     | Sum of HC-B1D through HC-B7D must equal HC-B8D.  | (bhck1287 + bhckht53 + bhck8499 + bhckg303 + bhckg307 + bhckg311 + bhckg315 + bhckg319 + bhckg323 + bhckk145 + bhckk149 + bhckk153 + bhckk157 + bhckc027 + bhckht61 + bhck1741 + bhck1746 + bhck1748) eq bhct1773  |
| FRY9C  | 20190331             | 99991231           | Revised     | 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 (bhckj34 + bhck1773)   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Validity  | 2250        | HC-BM2c     | BHCK0387     | If HC-N10C 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 + bhckht50 + bhck8496 + bhckg300 + bhckg304 + bhckg308 + bhckg312 + bhckg316 + bhckg320 + bhckk142 + bhckk146 + bhckk150 + bhckk154 + bhckc026 + bhckht58 + bhck1737 + bhck1742) + (bhck1287 + bhckht53 + bhck8499 + bhckg303 + bhckg307 + bhckg311 + bhckg315 + bhckg319 + bhckg323 + bhckk145 + bhckk149 + bhckk153 + bhckk157 + bhckc027 + bhckht61 + bhck1741 + bhck1746) |
| FRY9C  | 20180630             | 99991231           | No Change   | 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 (bhckht50 + bhck8496 + bhckc026 + bhckht58 + bhck1737 + bhck1742 + bhckht52 + bhck8498 + bhckc989 + bhckht60 + bhck1739 + bhck1744)  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Validity  | 2270        | HC-BM4b     | BHCK8783     | HC-BM4b must be less than or equal to the sum of HC-B2B through HC-B3B, HC-B5aB through HC-B6bB, HC-B2D through HC-B3D, and HC-B5aD through HC-B6bD.   | bhck8783 le (bhckht51 + bhck8497 + bhckc988 + bhckht59 + bhck1738 + bhck1743 + bhckht53 + bhck8499 + bhckc027 + bhckht61 + bhck1741 + bhck1746)  |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|------------|-------------|--|---|
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Validity  | 0156        | HC-BM6gA   | BHCKG372    | If HC-12 (previous June) is greater than \$10 billion, then the sum of HC-BM6aA through HC-BM6gA must equal HC-B5bA. | If (((mm-q1 eq 03) and (bhck2170-q4 gt 10000000)) or ((mm-q1 eq 06) and (bhck2170-q5 gt 10000000)) or ((mm-q1 eq 09) and (bhck2170-q6 gt 10000000)) or ((mm-q1 eq 12) and (bhck2170-q7 gt 10000000))) then (bhckg348 + bhckg352 + bhckg356 + bhckg360 + bhckg364 + bhckg368 + bhckg372) eq bhckht58 |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Validity  | 0157        | HC-BM6gB   | BHCKG373    | If HC-12 (previous June) is greater than \$10 billion, then the sum of HC-BM6aB through HC-BM6gB must equal HC-B5bB. | If (((mm-q1 eq 03) and (bhck2170-q4 gt 10000000)) or ((mm-q1 eq 06) and (bhck2170-q5 gt 10000000)) or ((mm-q1 eq 09) and (bhck2170-q6 gt 10000000)) or ((mm-q1 eq 12) and (bhck2170-q7 gt 10000000))) then (bhckg349 + bhckg353 + bhckg357 + bhckg361 + bhckg365 + bhckg369 + bhckg373) eq bhckht59 |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Validity  | 0158        | HC-BM6gC   | BHCKG374    | If HC-12 (previous June) is greater than \$10 billion, then the sum of HC-BM6aC through HC-BM6gC must equal HC-B5bC. | If (((mm-q1 eq 03) and (bhck2170-q4 gt 10000000)) or ((mm-q1 eq 06) and (bhck2170-q5 gt 10000000)) or ((mm-q1 eq 09) and (bhck2170-q6 gt 10000000)) or ((mm-q1 eq 12) and (bhck2170-q7 gt 10000000))) then (bhckg350 + bhckg354 + bhckg358 + bhckg362 + bhckg366 + bhckg370 + bhckg374) eq bhckht60 |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Validity  | 0159        | HC-BM6gD   | BHCKG375    | If HC-12 (previous June) is greater than \$10 billion, then the sum of HC-BM6aD through HC-BM6gD must equal HC-B5bD. | If (((mm-q1 eq 03) and (bhck2170-q4 gt 10000000)) or ((mm-q1 eq 06) and (bhck2170-q5 gt 10000000)) or ((mm-q1 eq 09) and (bhck2170-q6 gt 10000000)) or ((mm-q1 eq 12) and (bhck2170-q7 gt 10000000))) then (bhckg351 + bhckg355 + bhckg359 + bhckg363 + bhckg367 + bhckg371 + bhckg375) eq bhckht61 |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 0420        | HC-C1bB    | BHDM1420    | Sum of HC-CM1f1 and HC-N1b1A through HC-N1b1C must be less than or equal to HC-C1bB.                                 | (bhdmk166 + bhck3493 + bhck3494 + bhck3495) le bhdm1420   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 0312        | HC-C1dB    | BHDM1460    | Sum of HC-CM1c and HC-N1d1A through HC-N1d1C must be less than or equal to HC-C1dB.                                  | (bhdmk160 + bhck3499 + bhck3500 + bhck3501) le bhdm1460   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-C     | Validity  | 0421        | HC-C2bA    | BHCK1296    | 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  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 2285        | HC-C2bA    | BHCK1296    | Sum of HC-C2aA through HC-N2bC must be less than or equal to the sum of HC-C2aA and HC-C2bA.                         | bhdm1288 le (bhck1292 + bhck1296)   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-C     | Validity  | 0422        | HC-C3A     | BHCK1590    | Sum of HC-CM1f2 and HC-N3A through HC-N3C must be less than or equal to HC-C3A.                                      | (bhckk168 + bhck1594 + bhck1597 + bhck1583) le bhck1590   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 2300        | HC-C3B     | BHDM1590    | Sum of HC-C3B must be less than or equal to HC-C3A.  | bhdm1590 le bhck1590  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 2315        | HC-C4bA    | BHCK1764    | Sum of HC-C4B must be less than or equal to the sum of HC-C4aA and HC-C4bA.  | bhdm1766 le (bhck1763 + bhck1764)   |

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| FRY9C  | 20160930             | 99991231           | No Change   | HC-C     | Validity  | 0423        | HC-C6aA    | BHCKB538    | Sum of HC-CM1f3a and HC-N5aA through HC-N5aC must be less than or equal to HC-C6aA.   | (bhckk098 + bhckb575 + bhckb576 + bhckb577) le bhckb538  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-C     | Validity  | 0416        | HC-C6cA    | BHCKK137    | Sum of HC-CM1f3b and HC-N5bA through HC-N5bC must be less than or equal to HC-C6cA.   | (bhckk203 + bhckk213 + bhckk214 + bhckk215) le bhckk137  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20160930             | 99991231           | No Change   | HC-C     | Validity  | 0417        | HC-C6dA    | BHCKK207    | Sum of HC-CM1f3c 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  | 20160930             | 99991231           | No Change   | HC-C     | Validity  | 0418        | HC-C7A     | BHCKK2081   | Sum of HC-N6A through HC-N6C must be less than or equal to HC-C7A.  | (bhck5389 + bhck5390 + bhck5391) le bhckk2081  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 2333        | HC-C7B     | BHDM2081    | HC-C7B must be less than or equal to HC-C7A.  | bhdm2081 le bhckk2081  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 2335        | HC-C9aB    | BHDM1454    | HC-C9aB must be less than or equal to HC-C9aA.  | bhdm1454 le bhckj454   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 2337        | HC-C9b1B   | BHDM1545    | HC-C9b1B must be less than or equal to HC-C9b1A.  | bhdm1545 le bhckl1545  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 2340        | HC-C9b2B   | BHDM1451    | HC-C9b2B must be less than or equal to HC-C9b2A.  | bhdm1451 le bhckj451   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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 ((bhckk1410 + bhckk1292 + bhckk1296 + bhckk1590 + bhckb538 + bhckb539 + bhckk137 + bhckk207 + bhckk2081 + bhckj454 + bhckj451) - (bhckf158 + bhckf159 + bhdm1797 + bhdm5367 + bhdm5368 + bhdm1460 + bhckf161)) |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-C     | Validity  | 0419        | HC-C9b2A   | BHCKJ451    | Sum of 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.   | (bhckb572 + bhckb573 + bhckb574 + bhck5459 + bhck5460 + bhck5461) le ((bhckk1410 + bhckj454 + bhck1545 + bhckj451) - (bhckf158 + bhckf159 + bhdm1420 + bhdm1797 + bhdm5367 + bhdm5368 + bhdm1460 + bhckf161))  |
| FRY9C  | 20150331             | 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)  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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 + bhckk2081 + bhckj454 + bhck1545 + bhckj451 + bhckf162 + bhckf163) - bhckk2123 eq bhckk2122  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 2380        | HC-C11B    | BHDM2123    | HC-C11B must be less than or equal to HC-C11A.  | bhdm2123 le bhckk2123  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 2395        | HC-C12A    | BHCK2122    | HC-C12A must equal the sum of HC-4a and HC-4b.  | bhckk2122 eq (bhck5369 + bhckb528)   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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 + bhdm1454 + bhdm1545 + bhdm1451 + bhdm2165) - bhdm2123 eq bhdm2122   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 2420        | HC-C12B    | BHDM2122    | HC-C12B must be less than or equal to HC-C12A.  | bhdm2122 le bhckk2122  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 0347        | HC-CM1a1   | BHDMK158    | HC-CM1a1 must be less than or equal to HC-C1a1B.  | bhdmk158 le bhckf158   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 0348        | HC-CM1a2   | BHDMK159    | HC-CM1a2 must be less than or equal to HC-C1a2B.  | bhdmk159 le bhckf159   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 0349        | HC-CM1b    | BHDMF576    | HC-CM1b must be less than or equal to the sum of HC-C1c1B through HC-C1c2B.   | bhdmf576 le (bhdm1797 + bhdm5367 + bhdm5368)   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 0350        | HC-CM1c    | BHDMK160    | HC-CM1c must be less than or equal to HC-C1d.   | bhdmk160 le bhdm1460   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 0351        | HC-CM1d1   | BHDMK161    | HC-CM1d1 must be less than or equal to HC-C1e1B.  | bhdmk161 le bhckf160   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 0352        | HC-CM1d2   | BHDMK162    | HC-CM1d2 must be less than or equal to HC-C1e2B.  | bhdmk162 le bhckf161   |



Validity (V) Edits for the FR Y-9C  
(Effective as of March 31, 2019)

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 | TargetItem | MDRM Number | Edit Test  | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|------------|-------------|--|---|
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 0353        | HC-CMIe1   | BHCKK163    | HC-CMIe1 must be less than or equal to HC-C4aA   | bhckk163 le bhckk1763   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 0354        | HC-CMIe2   | BHCKK164    | HC-CMIe2 must be less than or equal to HC-C4bA   | bhckk164 le bhckk1764   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 2430        | HC-CMI1f   | BHCKK165    | HC-CMI1f 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 (bhckk1410 + bhckk1292 + bhckk1296 + bhckk1590 + bhckk538 + bhckk539 + bhckk137 + bhckk207 + bhckk2081 + bhckk454 + bhckk1545 + bhckk451) - (bhckk158 + bhckk159 + bhdm1797 + bhdm5367 + bhdm5368 + bhdm1460 + bhckk160 + bhckk161)   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 0356        | HC-CMI1f1  | BHDMK166    | HC-CMI1f1 must be less than or equal to HC-C1bB.   | bhdmk166 le bhdm1420  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-C     | Validity  | 0358        | HC-CMI1f2  | BHCKK168    | HC-CMI1f2 must be less than or equal to HC-C3a.  | bhckk168 le bhckk1590   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-C     | Validity  | 0359        | HC-CMI1f3a | BHCKK098    | HC-CMI1f3a must be less than or equal to HC-C6aA.  | bhckk098 le bhckk538  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-C     | Validity  | 0360        | HC-CMI1f3b | BHCKK203    | HC-CMI1f3b must be less than or equal to HC-C6cA.  | bhckk203 le bhckk137  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-C     | Validity  | 0361        | HC-CMI1f3c | BHCKK204    | HC-CMI1f3c must be less than or equal to the sum of HC-C6bA and HC-C6dA.   | bhckk204 le (bhckk539 + bhckk207)   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-C     | Validity  | 0355        | HC-CMI1f3c | BHCKK204    | Sum of HC-CMI1f1 through HC-CMI1f3c must be less than or equal to HC-CMI1f.  | (bhdmk166 + bhckk168 + bhckk098 + bhckk203 + bhckk204) le bhckk165  |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-C     | Validity  | 0450        | HC-CMI1g   | BHCKHK25    | HC-CMI1g must equal the sum of HC-CMI1a1 through HC-CMI1f.   | bhckhk25 eq (bhdmk158 + bhdmk159 + bhdmf576 + bhdmk160 + bhdmk161 + bhdmk162 + bhckk163 + bhckk164 + bhckk165)  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 2440        | HC-CM2     | BHCK2746    | HC-CM2 must be less than or equal to the sum of HC-C4aA, HC-C4bA, HC-C9aA, HC-C9b1A and HC-C9b2A.  | bhckk2746 le (bhckk1763 + bhckk1764 + bhckk454 + bhckk1545 + bhckk451)  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 2455        | HC-CM3     | BHCKB837    | HC-CM3 must be less than or equal to HC-C1a.   | bhckk837 le bhckk1410   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Validity  | 2460        | HC-CM4     | BHCKC391    | HC-CM4 must be less than or equal to HC-C6aA.  | bhckk391 le bhckk538  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-C     | Validity  | 2465        | HC-CM6a    | BHCKF230    | For June and December, HC-CM6a must be less than or equal to the sum of HC-C1c2aB and HC-C1c2bB.   | if mm-q1 eq 06 or mm-q1 eq 12, bhckk230 le (bhdm5367 + bhdm5368)  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Validity  | 2479        | HC-D12     | BHCT3545    | Sum of HC-D1 through HC-D11 must equal HC-D12.   | (bhcm3531 + bhcm3532 + bhcm3533 + bhckg379 + bhckg380 + bhckg381 + bhckk197 + bhckk198 + bhckk162 + bhckg386 + bhckk163 + bhckk164 + bhckk165 + bhckk166 + bhckk167 + bhckk168 + bhckk169 + bhckk170 + bhckk171 + bhckk172 + bhckk173 + bhckk174 + bhckk175 + bhckk176 + bhckk177 + bhckk178 + bhckk179 + bhckk180 + bhckk181 + bhckk182 + bhckk183 + bhckk184 + bhckk185 + bhckk186 + bhckk187 + bhckk188 + bhckk189 + bhckk190 + bhckk191 + bhckk192 + bhckk193 + bhckk194 + bhckk195 + bhckk196 + bhckk197 + bhckk198 + bhckk199 + bhckk200 + bhckk201 + bhckk202 + bhckk203 + bhckk204 + bhckk205 + bhckk206 + bhckk207 + bhckk208 + bhckk209 + bhckk210 + bhckk211 + bhckk212 + bhckk213 + bhckk214 + bhckk215 + bhckk216 + bhckk217 + bhckk218 + bhckk219 + bhckk220 + bhckk221 + bhckk222 + bhckk223 + bhckk224 + bhckk225 + bhckk226 + bhckk227 + bhckk228 + bhckk229 + bhckk230 + bhckk231 + bhckk232 + bhckk233 + bhckk234 + bhckk235 + bhckk236 + bhckk237 + bhckk238 + bhckk239 + bhckk240 + bhckk241 + bhckk242 + bhckk243 + bhckk244 + bhckk245 + bhckk246 + bhckk247 + bhckk248 + bhckk249 + bhckk250 + bhckk251 + bhckk252 + bhckk253 + bhckk254 + bhckk255 + bhckk256 + bhckk257 + bhckk258 + bhckk259 + bhckk260 + bhckk261 + bhckk262 + bhckk263 + bhckk264 + bhckk265 + bhckk266 + bhckk267 + bhckk268 + bhckk269 + bhckk270 + bhckk271 + bhckk272 + bhckk273 + bhckk274 + bhckk275 + bhckk276 + bhckk277 + bhckk278 + bhckk279 + bhckk280 + bhckk281 + bhckk282 + bhckk283 + bhckk284 + bhckk285 + bhckk286 + bhckk287 + bhckk288 + bhckk289 + bhckk290 + bhckk291 + bhckk292 + bhckk293 + bhckk294 + bhckk295 + bhckk296 + bhckk297 + bhckk298 + bhckk299 + bhckk300 + bhckk301 + bhckk302 + bhckk303 + bhckk304 + bhckk305 + bhckk306 + bhckk307 + bhckk308 + bhckk309 + bhckk310 + bhckk311 + bhckk312 + bhckk313 + bhckk314 + bhckk315 + bhckk316 + bhckk317 + bhckk318 + bhckk319 + bhckk320 + bhckk321 + bhckk322 + bhckk323 + bhckk324 + bhckk325 + bhckk326 + bhckk327 + bhckk328 + bhckk329 + bhckk330 + bhckk331 + bhckk332 + bhckk333 + bhckk334 + bhckk335 + bhckk336 + bhckk337 + bhckk338 + bhckk339 + bhckk340 + bhckk341 + bhckk342 + bhckk343 + bhckk344 + bhckk345 + bhckk346 + bhckk347 + bhckk348 + bhckk349 + bhckk350 + bhckk351 + bhckk352 + bhckk353 + bhckk354 + bhckk355 + bhckk356 + bhckk357 + bhckk358 + bhckk359 + bhckk360 + bhckk361 + bhckk362 + bhckk363 + bhckk364 + bhckk365 + bhckk366 + bhckk367 + bhckk368 + bhckk369 + bhckk370 + bhckk371 + bhckk372 + bhckk373 + bhckk374 + bhckk375 + bhckk376 + bhckk377 + bhckk378 + bhckk379 + bhckk380 + bhckk381 + bhckk382 + bhckk383 + bhckk384 + bhckk385 + bhckk386 + bhckk387 + bhckk388 + bhckk389 + bhckk390 + bhckk391 + bhckk392 + bhckk393 + bhckk394 + bhckk395 + bhckk396 + bhckk397 + bhckk398 + bhckk399 + bhckk400 + bhckk401 + bhckk402 + bhckk403 + bhckk404 + bhckk405 + bhckk406 + bhckk407 + bhckk408 + bhckk409 + bhckk410 + bhckk411 + bhckk412 + bhckk413 + bhckk414 + bhckk415 + bhckk416 + bhckk417 + bhckk418 + bhckk419 + bhckk420 + bhckk421 + bhckk422 + bhckk423 + bhckk424 + bhckk425 + bhckk426 + bhckk427 + bhckk428 + bhckk429 + bhckk430 + bhckk431 + bhckk432 + bhckk433 + bhckk434 + bhckk435 + bhckk436 + bhckk437 + bhckk438 + bhckk439 + bhckk440 + bhckk441 + bhckk442 + bhckk443 + bhckk444 + bhckk445 + bhckk446 + bhckk447 + bhckk448 + bhckk449 + bhckk450 + bhckk451 + bhckk452 + bhckk453 + bhckk454 + bhckk455 + bhckk456 + bhckk457 + bhckk458 + bhckk459 + bhckk460 + bhckk461 + bhckk462 + bhckk463 + bhckk464 + bhckk465 + bhckk466 + bhckk467 + bhckk468 + bhckk469 + bhckk470 + bhckk471 + bhckk472 + bhckk473 + bhckk474 + bhckk475 + bhckk476 + bhckk477 + bhckk478 + bhckk479 + bhckk480 + bhckk481 + bhckk482 + bhckk483 + bhckk484 + bhckk485 + bhckk486 + bhckk487 + bhckk488 + bhckk489 + bhckk490 + bhckk491 + bhckk492 + bhckk493 + bhckk494 + bhckk495 + bhckk496 + bhckk497 + bhckk498 + bhckk499 + bhckk500) |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Validity  | 2509        | HC-D15     | BHCT3548    | D14 must equal HC-D15.   | eq bhckk3548  |
| FRY9C  | 20180930             | 99991231           | No Change   | HC-D     | Validity  | 0174        | HC-DM3g    | BHCKG652    | If HC-D5a and HC-DM3a are not null, then the sum of HC-DM3a through HC-DM3g must equal the sum of HC-D5a.  | bhckg332 + bhckg333 + bhckg334 + bhckg335 + bhckg651 + bhckg652 eq bhckk162   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-E     | Validity  | 2550        | HC-E1e     | BHCB1474    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if E1e is greater than zero, then HC-E1e must be greater than or equal to \$250k.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if bhcbj474 gt 0 then bhcbj474 ge 250   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-E     | Validity  | 2580        | HC-E2e     | BHODJ474    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, sum of HC-E1a through HC-E2e must equal the sum of HC-13a1 and HC-13a2.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, (bhcb2210 + bhcb3187 + bhcb2389 + bhcbhk29 + bhcbj474 + bhodj474) eq (bhdm6631 + bhdm6636)  |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-E     | Validity  | 2595        | HC-E2e     | BHODJ474    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if E2e is greater than zero, then HC-E2e must be greater than or equal to \$250k.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if bhodj474 gt 0 then bhodj474 ge 250   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-E     | Validity  | 2615        | HC-EM3     | BHDMHK32    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-EM3 must be less than or equal to the sum of HC-E1e and HC-E2e.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhdmhk32 le (bhcbj474 + bhodj474)   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-E     | Validity  | 2625        | HC-EM4     | BHFNA245    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-EM4 must be less than or equal to the sum of HC-13b1 and HC-13b2.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhfnma245 le (bhfn6631 + bhfn6636)  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-F     | Validity  | 2640        | HC-F6      | BHCK2168    | Sum of HC-F1 through HC-F6 must equal HC-F7.   | (bhckb556 + bhckk2148 + bhckk180 + bhckk1752 + bhckk201 + bhckk202 + bhckk270 + bhckk2168) eq bhct2160  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-G     | Validity  | 2680        | HC-G4      | BHCKB984    | Sum of HC-G2 through HC-G4 must equal HC-G5.   | (bhckb3049 + bhckk557 + bhckk984) eq bhct2750   |

Validity (V) Edits for the FR Y-9C  
(Effective as of March 31, 2019)

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 | TargetItem | MDRM Number | Edit Test   | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|------------|-------------|---|--|
| FRY9C  | 20190331             | 99991231           | Revised     | 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 the sum of HC-N9C and HC-N10C. | bhck3197 le (bhck0395 + bhck0397 + bhckj34 + bhck1773 + bhckja22 + bhdm987 + bhckb989 + bhck5369 + bhckb528 + bhck2150 + bhck2160) - (bhck1403 + bhck3507) |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20170331             | 99991231           | No Change   | HC-I     | Validity  | 2750        | HC-I(01)   | BHCKB988    | HC-I(01) must be greater than or equal to 10 million or must be null.   | bhckb988 ge 10000 or bhckb988 eq null  |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-I     | Validity  | 2760        | HC-I(011)  | BHCKC247    | HC-I(011) must be greater than or equal to 10 million or must be null.  | bhckc247 ge 10000 or bhckc247 eq null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-K     | Validity  | 2770        | HC-K5      | BHCK3368    | HC-K5 must be greater than zero.  | bhck3368 gt 0  |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-L     | Validity  | 2815        | HC-L9f     | BHCK6586    | Sum of HC-L9a through HC-L9f must be less than or equal to HC-L9.   | (bhck3434 + bhck3435 + bhck6561 + bhck6562 + bhck6568 + bhck6586) le bhck3430  |
| FRY9C  | 20150331             | 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  | 20150331             | 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)  |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20160930             | 99991231           | No Change   | HC-M     | Validity  | 2920        | HC-M2      | BHCK6555    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, must be less than or equal to the sum of HC-16 and HC-19a.                    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhck6555 le (bhck3190 + bhck4062)  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-M     | Validity  | 2925        | HC-M3      | BHCK6556    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, must be less than or equal to the sum of HC-16 and HC-19a.                    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhck6556 le (bhck3190 + bhck4062)  |
| FRY9C  | 20180331             | 99991231           | No Change   | 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 + bhckk183) le (bhck5369 + bhck528)                      |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 0317        | HC-M6a1a1  | BHDMK169    | Sum of HC-N12a1A through HC-N12a1aC must be less than or equal to HC-M6a1a1.  | (bhdmk045 + bhdmk046 + bhdmk047) le bhdmk169   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 0332        | HC-M6a1a1  | BHDMK169    | Sum of HC-N12a1A through HC-N12a1aC must be less than or equal to HC-M6a1a1.  | bhdmk169 le bhckf158   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 0333        | HC-M6a1a2  | BHDMK170    | Sum of HC-N12a1Ba through HC-N12a1bC must be less than or equal to HC-M6a1a2.   | bhdmk170 le bhckf159   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 0334        | HC-M6a1b   | BHDMK171    | Sum of HC-N12a2A through HC-N12a2C must be less than or equal to HC-M6a1b.  | bhdmk171 le bhdm1420   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 0320        | HC-M6a1c1  | BHDMK172    | Sum of HC-N12a3A through HC-N12a3aC must be less than or equal to HC-M6a1c1.  | (bhdmk054 + bhdmk055 + bhdmk056) le bhdmk172   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 0335        | HC-M6a1c1  | BHDMK172    | Sum of HC-N12a3A through HC-N12a3aC must be less than or equal to HC-M6a1c1.  | bhdmk172 le bhdm1797   |

Validity (V) Edits for the FR Y-9C  
(Effective as of March 31, 2019)

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 | TargetItem | MDRM Number | Edit Test   | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|------------|-------------|---|--|
| FRY9C  | 20150331             | 99991231           | No Change   | 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)   e bhdmk173  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 0336        | HC-M6a1c2a | BHDMK173    | HC-M6a1c2a must be less than or equal to HC-C1c2ab.   | bhdmk173   e bhdms367  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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)   e bhdmk174  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 0337        | HC-M6a1c2b | BHDMK174    | HC-M6a1c2b must be less than or equal to HC-C1c2bb.   | bhdmk174   e bhdms368  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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)   e bhdmk175  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 0338        | HC-M6a1d   | BHDMK175    | HC-M6a1d must be less than or equal to HC-C1dab.  | bhdmk175   e bhdm1460  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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)   e bhdmk176  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 0339        | HC-M6a1e1  | BHDMK176    | HC-M6a1e1 must be less than or equal to HC-C1e1b.   | bhdmk176   e bhckf160  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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)   e bhdmk177  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 0340        | HC-M6a1e2  | BHDMK177    | HC-M6a1e2 must be less than or equal to HC-C1e2b.   | bhdmk177   e bhckf161  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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)   e bhckk183  |
| FRY9C  | 20180331             | 99991231           | No Change   | 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-C3A, HC-C4aA, HC-C4bA, HC-C6aA through HC-C10bA minus the sum of HC-C1a1B through HC-C1e2B. | bhckk183   e ((bhckk1410 + bhckk1292 + bhckk1296 + bhckk1590 + bhckk1763 + bhckk1764 + bhckk538 + bhckk539 + bhckk137 + bhckk207 + bhckk2081 + bhckk454 + bhckk1545 + bhckk451 + bhckk162 + bhckk163) - (bhckk158 + bhckk159 + bhdm1420 + bhdm1797 + bhdms367 + bhdms368 + bhdm1460 + bhckf160 + bhckf161) |
| FRY9C  | 20150331             | 99991231           | No Change   | 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)   e bhckk150   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 0365        | HC-M6b7    | BHCKK192    | HC-M6b7 must be less than or equal to the sum of HC-M6b1 through HC-M6b6.   | bhckk192   e (bhdmk187 + bhdmk188 + bhdmk189 + bhdmk190 + bhdmk191 + bhfnk260)   |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-M     | Validity  | 0224        | HC-M6c     | BHCKK461    | HC-M6c must be less than or equal to the sum of HC-2a and HC-2b.  | bhckk461   e (bhckkj34 + bhckk1773)  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 2955        | HC-M8      | BHCKC251    | HC-M8 must equal 1 (yes) or 0 (no) and must not be null.  | bhckc251   eq 1   or bhckc251   eq 0 and bhckc251   ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 2970        | HC-M9      | BHCK6689    | HC-M9 must equal 1 (yes) or 0 (no) and must not be null.  | bhck6689   eq 1   or bhck6689   eq 0 and bhck6689   ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 3025        | HC-M11     | BHCK6416    | HC-M11 must equal 1 (yes) or 0 (no) and must not be null.   | bhck6416   eq 1   or bhck6416   eq 0 and bhck6416   ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 0217        | HC-M11N    | TEXT6428    | HC-M11N must not be null.   | text6428   ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 0218        | HC-M11P    | TEXT9009    | HC-M11P must not be null.   | text9009   ne null   |
| FRY9C  | 20180930             | 99991231           | No Change   | HC-M     | Validity  | 3010        | HC-M12c    | BHCKJF76    | Sum of HC-M12a, HC-M12b and HC-M12c must equal HC-M12d.   | (bhckk3164 + bhckk3163 + bhckkf76)   eq bhct2143   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 3050        | HC-M14c    | BHCK2333    | Sum of HC-M14a through HC-M14c must equal HC-M14d.  | (bhckk2309 + bhckk2332 + bhckk2333)   eq bhckk3190   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 3070        | HC-M15     | BHCKB569    | HC-M15 must equal 1 (yes) or 0 (no) and must not be null.   | bhckb569   eq 1   or bhckb569   eq 0 and bhckb569   ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 3071        | HC-M17     | BHCKC161    | HC-M17 must equal 1 (yes) or 0 (no) and must not be null.   | bhckc161   eq 1   or bhckc161   eq 0 and bhckc161   ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 3072        | HC-M18     | BHCKC159    | If HC-M17 is equal to 1 (yes), then HC-M18 must equal 1 (yes) or 0 (no), and HC-M18 must not be null.   | if bhckc161   eq 1 then bhckc159   eq 1   or bhckc159   eq 0 and bhckc159   ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 3073        | HC-M18     | BHCKC159    | If HC-M17 is equal to 0 (no), then HC-M18 must equal null.  | if bhckc161   eq 0 then bhckc159   eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 3074        | HC-M19a    | BHCKC700    | If HC-M17 and HC-M18 are equal to 1 (yes), then HC-M19a must equal null.  | if (bhckc161   eq 1 and bhckc159   eq 1) then bhckc700   eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 3076        | HC-M19a    | BHCKC700    | If HC-M17 or HC-M18 is equal to 0 (no), then HC-M19a must equal 1 (yes) or 0 (no) and HC-M19a must not be null.   | if (bhckc161   eq 0 or bhckc159   eq 0) then (bhckc700   eq 1 or bhckc700   eq 0) and bhckc700   ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 3077        | HC-M19b    | BHCKC701    | If HC-M17 and HC-M18 are equal to 1 (yes), then HC-M19b must equal null.  | if (bhckc161   eq 1 and bhckc159   eq 1) then bhckc701   eq null   |

Validity (V) Edits for the FR Y-9C  
(Effective as of March 31, 2019)

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 | TargetItem | MDRM Number | Edit Test  | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|------------|-------------|--|--|
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Validity  | 3078        | HC-M19b    | BHCKC701    | If HC-M17 or HC-M18 is equal to 0 (no), then HC-M19b must equal 1 (yes) or 0 (no) and HC-M19b must not be null.                      | if (bhckc161 eq 0 or bhckc159 eq 0) then (bhckc701 eq 1 or bhckc701 eq 0) and bhckc701 ne null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-M     | Validity  | 3079        | HC-M20d    | BHCKS047    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-M20d must be less than or equal to the sum of HC-M20c1, HC-M20c2, and HC-M20c3. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhckc5047 le (bhckc5041 + bhckc5043 + bhckc5045)   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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-C1c2B.   | (bhck5398 + bhck5399 + bhck5400) le bhdm1797   |
| FRY9C  | 20150331             | 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  | 20150331             | 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   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0225        | HC-N5bC    | BHCKK215    | Sum of HC-N5bA through HC-N5bC must be less than or equal to HC-C6aA.  | (bhckk213 + bhckk214 + bhckk215) le bhckk137   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 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  | 20180331             | 99991231           | No Change   | HC-N     | Validity  | 1025        | HC-N9A     | BHCK1406    | HC-N9A must equal the sum of HC-N1a1A through HC-N8bA.   | bhck1406 eq (bhckf172 + bhckf173 + bhck3493 + bhck5398 + bhckc236 + bhckc238 + bhck3499 + bhckf178 + bhckf179 + bhckb572 + bhckc377 + bhck5380 + bhck1594 + bhck1606 + bhckb575 + bhckk213 + bhckk216 + bhck5389 + bhck5459 + bhckf166 + bhckf169) |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Validity  | 1027        | HC-N9B     | BHCK1407    | HC-N9B must equal the sum of HC-N1a1B through HC-N8bB.   | bhck1407 eq (bhckf174 + bhckf175 + bhck3494 + bhck5399 + bhckc237 + bhckc239 + bhck3500 + bhckf180 + bhckf181 + bhckb573 + bhck5381 + bhck1597 + bhck1607 + bhckb576 + bhckk214 + bhckk217 + bhck5390 + bhck5460 + bhckf167 + bhckf170)            |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Validity  | 1029        | HC-N9C      | BHCK1403    | HC-N9C must equal the sum of HC-N1a1C through HC-N8bC.  | bhck1403 eq (bhckf176 + bhckf177 + bhck3495 + bhck5400 + bhckc229 + bhckc230 + bhckc3501 + bhckf182 + bhckf183 + bhckb574 + bhck5379 + bhck5382 + bhck1583 + bhck1608 + bhckb577 + bhckk215 + bhckk218 + bhck5391 + bhck5461 + bhckf168 + bhckf171) |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-N     | Validity  | 3215        | HC-N10C     | BHCK3507    | Sum of HC-N10A through HC-N10C must be less than or equal to the sum of HC-1a through HC-3b, HC-5, and HC-10 and HC-11. | (bhck3505 + bhck3506 + bhck3507) le (bhck0081 + bhck0395 + bhck0397 + bhckj34 + bhck1773 + bhckja22 + bhckm987 + bhckb989 + bhck3545 + bhck2143 + bhck2160)   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0231        | HC-N12a1aA  | BHDMK045    | HC-N12a1aA must be less than or equal to HC-N1a1A.  | bhdmk045 le bhckf172  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0232        | HC-N12a1aB  | BHDMK046    | HC-N12a1aB must be less than or equal to HC-N1a1B.  | bhdmk046 le bhckf174  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0233        | HC-N12a1aC  | BHDMK047    | HC-N12a1aC must be less than or equal to HC-N1a1C.  | bhdmk047 le bhckf176  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0234        | HC-N12a1aB  | BHDMK048    | HC-N12a1aB must be less than or equal to HC-N1a2A.  | bhdmk048 le bhckf173  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0235        | HC-N12a1bB  | BHDMK049    | HC-N12a1bB must be less than or equal to HC-N1a2B.  | bhdmk049 le bhckf175  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0236        | HC-N12a1bC  | BHDMK050    | HC-N12a1bC must be less than or equal to HC-N1a2C.  | bhdmk050 le bhckf177  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0237        | HC-N12a2A   | BHDMK051    | HC-N12a2A must be less than or equal to HC-N1bA.  | bhdmk051 le bhck3493  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0238        | HC-N12a2B   | BHDMK052    | HC-N12a2B must be less than or equal to HC-N1bB.  | bhdmk052 le bhck3494  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0239        | HC-N12a2C   | BHDMK053    | HC-N12a2C must be less than or equal to HC-N1bC.  | bhdmk053 le bhck3495  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0240        | HC-N12a3aA  | BHDMK054    | HC-N12a3aA must be less than or equal to HC-N1c1A.  | bhdmk054 le bhck5398  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0241        | HC-N12a3aB  | BHDMK055    | HC-N12a3aB must be less than or equal to HC-N1c1B.  | bhdmk055 le bhck5399  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0242        | HC-N12a3aC  | BHDMK056    | HC-N12a3aC must be less than or equal to HC-N1c1C.  | bhdmk056 le bhck5400  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0243        | HC-N12a3b1A | BHDMK057    | HC-N12a3b1A must be less than or equal to HC-N1c2aA.  | bhdmk057 le bhckc236  |



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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|--|---|
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0244        | HC-N12a3b1B | BHDMK058    | HC-N12a3b1B must be less than or equal to HC-N1c2aB.                           | bhdmk058 le bhckc237  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0245        | HC-N12a3b1C | BHDMK059    | HC-N12a3b1C must be less than or equal to HC-N1c2aC.                           | bhdmk059 le bhckc229  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0246        | HC-N12a3b2A | BHDMK060    | HC-N12a3b2A must be less than or equal to HC-N1c2bA.                           | bhdmk060 le bhckc238  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0247        | HC-N12a3b2B | BHDMK061    | HC-N12a3b2B must be less than or equal to HC-N1c2bB.                           | bhdmk061 le bhckc239  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0248        | HC-N12a3b2C | BHDMK062    | HC-N12a3b2C must be less than or equal to HC-N1c2bC.                           | bhdmk062 le bhckc230  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0249        | HC-N12a4A   | BHDMK063    | HC-N12a4A must be less than or equal to HC-N1dA.                               | bhdmk063 le bhck3499  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0250        | HC-N12a4B   | BHDMK064    | HC-N12a4B must be less than or equal to HC-N1dB.                               | bhdmk064 le bhck3500  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0251        | HC-N12a4C   | BHDMK065    | HC-N12a4C must be less than or equal to HC-N1dC.                               | bhdmk065 le bhck3501  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0252        | HC-N12a5aA  | BHDMK066    | HC-N12a5aA must be less than or equal to HC-N1e1A.                             | bhdmk066 le bhckf178  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0253        | HC-N12a5aB  | BHDMK067    | HC-N12a5aB must be less than or equal to HC-N1e1B.                             | bhdmk067 le bhckf180  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0254        | HC-N12a5aC  | BHDMK068    | HC-N12a5aC must be less than or equal to HC-N1e1C.                             | bhdmk068 le bhckf182  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0255        | HC-N12a5bA  | BHDMK069    | HC-N12a5bA must be less than or equal to HC-N1e2A.                             | bhdmk069 le bhckf179  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0256        | HC-N12a5bB  | BHDMK070    | HC-N12a5bB must be less than or equal to HC-N1e2B.                             | bhdmk070 le bhckf181  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0257        | HC-N12a5bC  | BHDMK071    | HC-N12a5bC must be less than or equal to HC-N1e2C.                             | bhdmk071 le bhckf183  |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Validity  | 0273        | HC-N12eA    | BHCKK087    | HC-N12eA must be less than or equal to the sum of HC-N1fA through HC-N8bA.     | bhckk087 le (bhckb572 + bhck5377 + bhck5380 + bhck1594 + bhck1606 + bhckb575 + bhckk213 + bhckk216 + bhck5389 + bhck5459 + bhckf166 + bhckf169) |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Validity  | 0274        | HC-N12eB    | BHCKK088    | HC-N12eB must be less than or equal to the sum of HC-N1fB through HC-N8bb.     | bhckk088 le (bhckb573 + bhck5378 + bhck5381 + bhck1597 + bhck1607 + bhckb576 + bhckk214 + bhckk217 + bhck5390 + bhck5460 + bhckf167 + bhckf170) |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Validity  | 0275        | HC-N12eC    | BHCKK089    | HC-N12eC must be less than or equal to the sum of HC-N1fC through HC-N8bc.     | bhckk089 le (bhckb574 + bhck5379 + bhck5382 + bhck1583 + bhck1608 + bhckb577 + bhckk215 + bhckk218 + bhck5391 + bhck5461 + bhckf168 + bhckf171) |
| FRY9C  | 20180331             | 99991231           | No Change   | 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 + bhckk087)                       |
| FRY9C  | 20180331             | 99991231           | No Change   | 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 + bhckk088)                       |
| FRY9C  | 20180331             | 99991231           | No Change   | 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 + bhckk089)                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0279        | HC-NM1a1A   | BHDMK105    | HC-NM1a1A must be less than or equal to HC-N1a1A.                              | bhdmk105 le bhckf172  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0280        | HC-NM1a1B   | BHDMK106    | HC-NM1a1B must be less than or equal to HC-N1a1B.                              | bhdmk106 le bhckf174  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0281        | HC-NM1a1C   | BHDMK107    | HC-NM1a1C must be less than or equal to HC-N1a1C.                              | bhdmk107 le bhckf176  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0282        | HC-NM1a2A   | BHDMK108    | HC-NM1a2A must be less than or equal to HC-N1a2A.                              | bhdmk108 le bhckf173  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0283        | HC-NM1a2B   | BHDMK109    | HC-NM1a2B must be less than or equal to HC-N1a2B.                              | bhdmk109 le bhckf175  |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|--|---|
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0284        | HC-NM1a2C   | BHDMK110    | HC-NM1a2C must be less than or equal to HC-N1a2C.  | bhdmk110 le bhckf177  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0288        | HC-NM1cA    | BHDMK111    | HC-NM1cA must be less than or equal to HC-N1dA.  | bhdmk111 le bhck3499  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0289        | HC-NM1cB    | BHDMK112    | HC-NM1cB must be less than or equal to HC-N1dB.  | bhdmk112 le bhck3500  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0290        | HC-NM1cC    | BHDMK113    | HC-NM1cC must be less than or equal to HC-N1dC.  | bhdmk113 le bhck3501  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0291        | HC-NM1d1A   | BHDMK114    | HC-NM1d1A must be less than or equal to HC-N1e1A.  | bhdmk114 le bhckf178  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0292        | HC-NM1d1B   | BHDMK115    | HC-NM1d1B must be less than or equal to HC-N1e1B.  | bhdmk115 le bhckf180  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0293        | HC-NM1d1C   | BHDMK116    | HC-NM1d1C must be less than or equal to HC-N1e1C.  | bhdmk116 le bhckf182  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0294        | HC-NM1d2A   | BHDMK117    | HC-NM1d2A must be less than or equal to HC-N1e2A.  | bhdmk117 le bhckf179  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0295        | HC-NM1d2B   | BHDMK118    | HC-NM1d2B must be less than or equal to HC-N1e2B.  | bhdmk118 le bhckf181  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0296        | HC-NM1d2C   | BHDMK119    | HC-NM1d2C must be less than or equal to HC-N1e2C.  | bhdmk119 le bhckf183  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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, and HC-N7B. | bhckk127 le (bhck3494 + bhckb573 + bhckb578 + bhck5381 + bhck1597 + bhckb576 + bhckk214 + bhckk217 + bhck5390 + bhck5460) |
| FRY9C  | 20150331             | 99991231           | No Change   | 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, and HC-N7C. | bhckk128 le (bhck3495 + bhckb574 + bhck5379 + bhck5382 + bhck1583 + bhckb577 + bhckk215 + bhckk218 + bhck5391 + bhck5461) |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0388        | HC-NM1f1A   | BHDMK130    | HC-NM1f1A must be less than or equal to HC-N1bA.   | bhdmk130 le bhck3493  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0389        | HC-NM1f1B   | BHDMK131    | HC-NM1f1B must be less than or equal to HC-N1bB.   | bhdmk131 le bhck3494  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Validity  | 0390        | HC-NM1f1C   | BHDMK132    | HC-NM1f1C must be less than or equal to HC-N1bC.   | bhdmk132 le bhck3495  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Validity  | 0394        | HC-NM1f2A   | BHCKK138    | HC-NM1f2A must be less than or equal to HC-N3A.  | bhckk138 le bhck1594  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Validity  | 0395        | HC-NM1f2B   | BHCKK139    | HC-NM1f2B must be less than or equal to HC-N3B.  | bhckk139 le bhck1597  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Validity  | 0396        | HC-NM1f2C   | BHCKK140    | HC-NM1f2C must be less than or equal to HC-N3C.  | bhckk140 le bhck1583  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Validity  | 0397        | HC-NM1f3aA  | BHCKK274    | HC-NM1f3aA must be less than or equal to HC-N5aA.  | bhckk274 le bhckb575  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Validity  | 0398        | HC-NM1f3aB  | BHCKK275    | HC-NM1f3aB must be less than or equal to HC-N5aB.  | bhckk275 le bhckb576  |

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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  | 20160930             | 99991231           | No Change   | HC-N     | Validity  | 0399        | HC-NM1f3aC  | BHCKK276    | HC-NM1f3aC must be less than or equal to HC-N5aC.  | bhckk276 le bhckkb577   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Validity  | 0400        | HC-NM1f3bA  | BHCKK277    | HC-NM1f3bA must be less than or equal to HC-N5bA.  | bhckk277 le bhckk213  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Validity  | 0401        | HC-NM1f3bB  | BHCKK278    | HC-NM1f3bB must be less than or equal to HC-N5bB.  | bhckk278 le bhckk214  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Validity  | 0402        | HC-NM1f3bC  | BHCKK279    | HC-NM1f3bC must be less than or equal to HC-N5bC.  | bhckk279 le bhckk215  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Validity  | 0403        | HC-NM1f3cA  | BHCKK280    | HC-NM1f3cA must be less than or equal to HC-N5cA.  | bhckk280 le bhckk216  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Validity  | 0404        | HC-NM1f3cB  | BHCKK281    | HC-NM1f3cB must be less than or equal to HC-N5cB.  | bhckk281 le bhckk217  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Validity  | 0405        | HC-NM1f3cC  | BHCKK282    | HC-NM1f3cC must be less than or equal to HC-N5cC.  | bhckk282 le bhckk218  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Validity  | 0385        | HC-NM1f3aA  | BHCKK280    | Sum of HC-NM1f1A through HC-NM1f3cA must be less than or equal to HC-NM1fA.  | (bhdmi130 + bhckk138 + bhckk274 + bhckk277 + bhckk280) le bhckk126  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Validity  | 0386        | HC-NM1f3bB  | BHCKK281    | Sum of HC-NM1f1B through HC-NM1f3cB must be less than or equal to HC-NM1fB.  | (bhdmi131 + bhckk139 + bhckk275 + bhckk278 + bhckk281) le bhckk127  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Validity  | 0387        | HC-NM1f3cC  | BHCKK282    | Sum of HC-NM1f1C through HC-NM1f3cC must be less than or equal to HC-NM1fC.  | (bhdmi132 + bhckk140 + bhckk276 + bhckk279 + bhckk282) le bhckk128  |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-N     | Validity  | 1031        | HC-NM1gA    | BHCKK26     | bhckkhk26 le (bhckf172 + bhckf173 + bhck3493 + bhck5398 + bhck236 + bhckc238 + bhck3499 + bhckf178 + bhckf179 + bhckb572 + bhck5377 + bhck5380 + bhck1594 + bhck1606 + bhckb575 + bhckk213 + bhckk216 + bhck5389 + bhck5459) |   |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-N     | Validity  | 1033        | HC-NM1gB    | BHCKK27     | HC-NM1gB must be less than or equal to the sum of HC-N1a1B through HC-N7B.   | bhckk27 le (bhckf174 + bhckf175 + bhck3494 + bhck5399 + bhckc237 + bhckc239 + bhck3500 + bhckf180 + bhckf181 + bhckb573 + bhck5378 + bhck5381 + bhck1597 + bhck1607 + bhckb576 + bhckk214 + bhckk217 + bhck5390 + bhck5460)   |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-N     | Validity  | 1035        | HC-NM1gC    | BHCKK28     | HC-NM1gC must be less than or equal to the sum of HC-N1a1C through HC-N7C.   | bhckkhk28 le (bhckf176 + bhckf177 + bhck3495 + bhck5400 + bhckc229 + bhckc230 + bhck3501 + bhckf182 + bhckf183 + bhckb574 + bhck5379 + bhck5382 + bhck1583 + bhck1608 + bhckb577 + bhckk215 + bhckk218 + bhck5391 + bhck5461) |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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)  |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|------------|-------------|---|--|
| FRY9C  | 20150331             | 99991231           | No Change   | 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 + bhckb1608 + bhckb577 + bhckk215 + bhckk218 + bhck5391 + bhck5461 + bhckf168 + bhckf171)                      |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-N     | Validity  | 3465        | HC-NM5A    | BHCK240     | HC-NM5A 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  | 20180630             | 99991231           | No Change   | HC-N     | Validity  | 3470        | HC-NM5B    | BHCK241     | HC-NM5B 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) |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-N     | Validity  | 3475        | HC-NM5C    | BHCK226     | HC-NM5C 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  | 20180331             | 99991231           | No Change   | HC-Q     | Validity  | 0142        | HC-Q1A     | BHCVJA36    | Sum of HC-Q1C, HC-Q1D, and HC-Q1E less HC-Q1B must be equal to HC-Q1A.  | ((bhckg475 + bhckg476 + bhckg477) - bhckg474) eq bhcvja36  |
| FRY9C  | 20180930             | 99991231           | No Change   | HC-Q     | Validity  | 0219        | HC-Q1A     | BHCVJA36    | If HC-Q1A is not null, then HC-Q1A must equal HC-2b or the sum of HC-2b and HC-2c.  | if bhcvja36 ne null then bhcvja36 eq bhck1773 or bhcvja36 eq bhck1773 + bhckja22   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-Q     | Validity  | 0143        | HC-Q2A     | BHCKG478    | For BHCS, SHCS, IHCS, Non-BHC IHCS and all SLHCS, 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-Q     | Validity  | 0215        | HC-Q5aA    | BHCT3543    | If HC-D12A is not null, then bhct3543 must equal HC-D11A.   | if bhct3543 ne null then bhct3543 eq bhcm3543  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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 + bhckg397) - bhckg392) eq bhckg391  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20180331             | 99991231           | No Change   | 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.   | (bhcvja36 + bhckg478 + bhckg483 + bhckg488 + bhct3543 + bhckg497 + bhckg391) eq bhckg502   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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 + bhckg493 + bhckg498 + bhckg392) eq bhckg503   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20160930             | 99991231           | No Change   | HC-Q     | Validity  | 0206        | HC-Q7D     | BHCKG505    | For BHCS, SHCS, IHCS, Non-BHC IHCS and all SLHCS, Sum of HC-Q1D, HC-Q3D, HC-Q4D, HC-Q5aD, HC-Q5bD and HC-Q6D must equal HC-Q7D.         | For BHCS, SHCS, IHCS, Non-BHC IHCS and all SLHCS, (bhckg476 + bhckg481 + bhckg486 + bhckg491 + bhckg495 + bhckg500 + bhckg396) eq bhckg505   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-Q     | Validity  | 0207        | HC-Q7E     | BHCKG506    | For BHCS, SHCS, IHCS, Non-BHC IHCS and all SLHCS, Sum of HC-Q1E, HC-Q2E, HC-Q3E, HC-Q4E, HC-Q5aE, HC-Q5bE and HC-Q6E must equal HC-Q7E. | For BHCS, SHCS, IHCS, Non-BHC IHCS and all SLHCS, (bhckg477 + bhckg482 + bhckg487 + bhckg492 + bhckg496 + bhckg501 + bhckg804) eq bhckg506   |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|------------|-------------|--|---|
| FRY9C  | 20160930             | 99991231           | No Change   | HC-Q     | Validity  | 0146        | HC-Q8A     | BHCKF252    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, Sum of HC-Q8C, HC-Q8D, and HC-Q8E less HC-Q8B must be equal to HC-Q8A. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, ((bhckf694 + bhckf253 + bhckf254) - bhckf686) eq bhckf252 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-Q     | Validity  | 0186        | HC-Q9A     | BHCKG507    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, Sum of HC-Q9C, HC-Q9D, and HC-Q9E less HC-Q9B must be equal to HC-Q9A. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, ((bhckg509 + bhckg510 + bhckg511) - bhckg508) eq bhckg507 |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-Q     | Validity  | 0216        | HC-Q10aA   | BHCT3547    | Sum of HC-Q10aC, HC-Q10aD, and HC-Q10aE less HC-Q10aB must be equal to HC-Q10aA.   | ((bhckg518 + bhckg519 + bhckg520) - bhckg517) eq bhct3547   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Validity  | 0188        | HC-Q10bA   | BHCKG516    | Sum of HC-Q11C, HC-Q11D, and HC-Q11E less HC-Q10bA must be equal to HC-Q10bA.  | Sum of HC-Q11C, HC-Q11D, and HC-Q11E less HC-Q10bA must be equal to HC-Q10bA.                               |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Validity  | 0189        | HC-Q11A    | BHCKG521    | Sum of HC-Q12C, HC-Q12D, and HC-Q12E less HC-Q11A must be equal to HC-Q11A.  | ((bhckg523 + bhckg524 + bhckg525) - bhckg522) eq bhckg521   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Validity  | 0190        | HC-Q12A    | BHCKG526    | Sum of HC-Q13C, HC-Q13D, and HC-Q13E less HC-Q12A must be equal to HC-Q12A.  | ((bhckg528 + bhckg529 + bhckg530) - bhckg527) eq bhckg526   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Validity  | 0148        | HC-Q13A    | BHCKG805    | Sum of HC-Q14C, HC-Q14D, and HC-Q14E less HC-Q13A must be equal to HC-Q13A.  | ((bhckg807 + bhckg808 + bhckg809) - bhckg806) eq bhckg805   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Validity  | 0191        | HC-Q14A    | BHCKG531    | Sum of HC-Q14C, HC-Q14D, and HC-Q14E less HC-Q14A must be equal to HC-Q14A.  | ((bhckg533 + bhckg534 + bhckg535) - bhckg532) eq bhckg531   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Validity  | 0208        | HC-Q14A    | BHCKG531    | Sum of HC-Q14C, HC-Q14D, and HC-Q14E less HC-Q14A must be equal to HC-Q14A.  | ((bhckg533 + bhckg534 + bhckg535) - bhckg532) eq bhckg531   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Validity  | 0209        | HC-Q14B    | BHCKG532    | Sum of HC-Q14C, HC-Q14D, and HC-Q14E less HC-Q14B must be equal to HC-Q14B.  | ((bhckg533 + bhckg534 + bhckg535) - bhckg532) eq bhckg531   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-Q     | Validity  | 0210        | HC-Q14C    | BHCKG533    | Sum of HC-Q14C, HC-Q14D, and HC-Q14E less HC-Q14C must be equal to HC-Q14C.  | ((bhckg533 + bhckg534 + bhckg535) - bhckg532) eq bhckg531   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-Q     | Validity  | 0211        | HC-Q14D    | BHCKG534    | Sum of HC-Q14C, HC-Q14D, and HC-Q14E less HC-Q14D must be equal to HC-Q14D.  | ((bhckg533 + bhckg534 + bhckg535) - bhckg532) eq bhckg531   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-Q     | Validity  | 0212        | HC-Q14E    | BHCKG535    | Sum of HC-Q14C, HC-Q14D, and HC-Q14E less HC-Q14E must be equal to HC-Q14E.  | ((bhckg533 + bhckg534 + bhckg535) - bhckg532) eq bhckg531   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Validity  | 0192        | HC-QM1aA   | BHCKG536    | Sum of HC-QM11aC, HC-QM11aD, and HC-QM11aE less HC-QM1aB must be equal to HC-QM1aA.                                      | ((bhckg536 + bhckg537 + bhckg538) - bhckg535) eq bhckg536   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Validity  | 0193        | HC-QM1bA   | BHCKG541    | Sum of HC-QM11bC, HC-QM11bD, and HC-QM11bE less HC-QM1bB must be equal to HC-QM1bA.                                      | ((bhckg543 + bhckg544 + bhckg545) - bhckg542) eq bhckg541   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Validity  | 0194        | HC-QM1cA   | BHCKG546    | Sum of HC-QM11cC, HC-QM11cD, and HC-QM11cE less HC-QM1cB must be equal to HC-QM1cA.                                      | ((bhckg548 + bhckg549 + bhckg550) - bhckg547) eq bhckg546   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Validity  | 0195        | HC-QM1dA   | BHCKG551    | Sum of HC-QM11dC, HC-QM11dD, and HC-QM11dE less HC-QM1dB must be equal to HC-QM1dA.                                      | ((bhckg553 + bhckg554 + bhckg555) - bhckg552) eq bhckg551   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Validity  | 0196        | HC-QM1eA   | BHCKG556    | Sum of HC-QM11eC, HC-QM11eD, and HC-QM11eE less HC-QM1eB must be equal to HC-QM1eA.                                      | ((bhckg558 + bhckg559 + bhckg560) - bhckg557) eq bhckg556   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Validity  | 0197        | HC-QM1fA   | BHCKG561    | Sum of HC-QM11fC, HC-QM11fD, and HC-QM11fE less HC-QM1fB must be equal to HC-QM1fA.                                      | ((bhckg563 + bhckg564 + bhckg565) - bhckg562) eq bhckg561   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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 + bhckf762 + bhckf763) - bhckf689) eq bhckf261   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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   |



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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|------------|-------------|---|--|
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5110        | HC-R(I)3a  | BHCAP838    | For advanced approaches HCs and advanced approaches that don't calculate risk-weighted assets per advanced approaches risk-based capital rule only, HC-R(I)3a must equal zero and must not be null.                             | For advanced approaches HCs and advanced approaches that don't calculate risk-weighted assets per advanced approaches risk-based capital rule only, only bhcap838 eq 0 and bhcap838 ne null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5115        | HC-R(I)3a  | BHCAP838    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)3a must equal zero or 1 and must not be null.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap838 eq 0 or bhcap838 eq 1 and bhcap838 ne null   |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-R(I)  | Validity  | 5120        | HC-R(I)5   | BHCAP840    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(I)1, HC-R(I)2, HC-R(I)3, and HC-R(I)4 must equal HC-R(I)5.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcap742 + bhckwk00 + bhcab530 + bhcap839) eq bhcap840   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5130        | HC-R(I)9e  | BHCAP848    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)3a is equal 0, then HC-R(I)9a through HC-R(I)9e must be null.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap838 eq 0 then bhcap844 eq null and bhcap845 eq null and bhcap846 eq null and bhcap847 eq null and bhcap848 eq null                                  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5132        | HC-R(I)9f  | BHCAP849    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)3a is equal 0, then HC-R(I)9f must not be null.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap838 eq 0 then bhcap849 ne null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5135        | HC-R(I)9f  | BHCAP849    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)3a is equal 1, then HC-R(I)9f must be null.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap838 eq 1 then bhcap849 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5150        | HC-R(I)12  | BHCAP852    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)5 minus the sum of HC-R(I)6 through HC-R(I)11 must equal HC-R(I)12.                                       | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcap840 - (bhcap841 + bhcap842 + bhcap843 + bhcap844 + bhcap845 + bhcap846 + bhcap847 + bhcap848 + bhcap849 + bhcaq258 + bhcap850 + bhcap851) eq bhcap852 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5160        | HC-R(I)18  | BHCAP858    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(I)13 through HC-R(I)17 must equal HC-R(I)18.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcap853 + bhcap854 + bhcap855 + bhcap856 + bhcap857) eq bhcap858  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5170        | HC-R(I)19  | BHCAP859    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)12 minus HC-R(I)18 must equal HC-R(I)19.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcap852 - bhcap858) eq bhcap859   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5180        | HC-R(I)23  | BHCAP863    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(I)20 through HC-R(I)22 must equal HC-R(I)23.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcap860 + bhcap861 + bhcap862) eq bhcap863  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5190        | HC-R(I)25  | BHCAP865    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)23 minus HC-R(I)24 is greater than zero, then HC-R(I)25 must equal HC-R(I)23 minus HC-R(I)24.          | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhcap863 - bhcap864) gt 0 then bhcap865 eq (bhcap863 - bhcap864)  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5200        | HC-R(I)25  | BHCAP865    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)23 minus HC-R(I)24 is less than or equal to zero, then HC-R(I)25 must equal zero and must not be null. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhcap863 - bhcap864) le 0 then bhcap865 eq 0 and bhcap865 ne null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5210        | HC-R(I)26  | BHCA8274    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(I)19 and HC-R(I)25 must equal HC-R(I)26.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcap859 + bhcap865) eq bhca8274   |

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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5220        | HC-R(I)32a | BHCAP870    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(I)27 through HC-R(I)30a and HC-R(I)31 must equal HC-R(I)32a.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhc866 + bhc867 + bhc868 + bhca5310 + bhca257) eq bhcap870  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5230        | HC-R(I)32b | BHCWP870    | For advanced approaches HCs that exit parallel run only, sum of HC-R(I)27 through HC-R(I)29, HC-R(I)30b and HC-R(I)31 must equal HC-R(I)32b.  | For advanced approaches HCs that exit parallel run only (bhc866 + bhc867 + bhc868 + bhca5310 + bhca257) eq bhcap870   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5240        | HC-R(I)34a | BHCA5311    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, If HC-R(I)32a minus HC-R(I)33 is greater than zero, then HC-R(I)34a must equal HC-R(I)32a minus HC-R(I)33.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhc870 - bhcap872) gt 0 then bhca5311 eq (bhcap870 - bhcap872)   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5250        | HC-R(I)34a | BHCA5311    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, If HC-R(I)32a minus HC-R(I)33 is less than or equal to zero, then HC-R(I)34a must equal zero and must not be null.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhc870 - bhcap872) le 0 then bhca5311 eq 0 and bhca5311 ne null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5260        | HC-R(I)34b | BHCW5311    | For advanced approaches HCs that exit parallel run only, if HC-R(I)32b minus HC-R(I)33 is greater than zero, then HC-R(I)34b must equal HC-R(I)32b minus HC-R(I)33.   | For advanced approaches HCs that exit parallel run only if (bhcw870 - bhcap872) gt 0 then bhcw5311 eq (bhcap870 - bhcap872)   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5270        | HC-R(I)34b | BHCW5311    | For advanced approaches HCs that exit parallel run only, if HC-R(I)32b minus HC-R(I)33 is less than or equal to zero, then HC-R(I)34b must equal zero and must not be null.   | For advanced approaches HCs that exit parallel run only if (bhcw870 - bhcap872) le 0 then bhcw5311 eq 0 and bhcw5311 ne null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5280        | HC-R(I)35a | BHCA3792    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(I)26 and HC-R(I)34a must equal HC-R(I)35a.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhca8274 + bhca5311) eq bhca3792  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5290        | HC-R(I)35b | BHCW3792    | For advanced approaches HCs that exit parallel run only, sum of HC-R(I)26 and HC-R(I)34b must equal HC-R(I)35b.   | For advanced approaches HCs that exit parallel run only (bhca8274 + bhcw5311) eq bhcw3792   |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-R(I)  | Validity  | 5320        | HC-R(I)39  | BHCAA224    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)35b minus HC-R(I)37 and HC-R(I)38 must equal HC-R(I)39.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhca8274 + bhca5311) eq bhca224   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Validity  | 5322        | HC-R(I)43b | BHCW7205    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Non-advanced approaches HCs and advanced approaches HCs in parallel or parallel run and advanced approaches that don't calculate risk-weighted assets per advanced approaches risk-based capital rule only, HC-R(I)30b, HC-R(I)32b, HC-R(I)34b, HC-R(I)35b, HC-R(I)40b, and HC-R(I)41 Column B, HC-R(I)42 Column B, HC-R(I)43 Column B and HC-R(I)46b must equal null. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Non-parallel or parallel run and advanced approaches that don't calculate risk-weighted assets per advanced approaches risk-based capital rule only, bhcw5310 eq null and bhcw870 eq null and bhcw5311 eq null and bhcw3792 eq null and bhcw223 eq null and bhcw793 eq null and bhcw7206 eq null and bhcw7205 eq null and bhcah312 eq null |



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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20160630             | 99991231           | No Change   | HC-R(II) | Validity  | 3765        | HC-R(II)2bA | BHCKA21     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)2bB through HC-R(II)2bR must equal HC-R(II)2bA. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckd967 + bhckhj76 + bhckhj77 + bhckd968 + bhckd969 + bhckd970 + bhcks403 + bhckh270 + bhcks405 + bhcks406 + bhckh271) eq bhckia21 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3795        | HC-R(II)3aA | BHCKD971    | For BHCs, SHCs, IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)3aB through HC-R(II)3aR must equal HC-R(II)3aA.                | For BHCs, SHCs, IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckd972 + bhckd973 + bhcks410 + bhckd974 + bhcks411) eq bhckd971  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3800        | HC-R(II)3aA | BHCKD971    | For BHCs, SHCs, IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)3aA must be less than or equal to HC-3A                               | For BHCs, SHCs, IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd971 le   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3815        | HC-R(II)3bA | BHCKH171    | For BHCs, SHCs, IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)3bB through HC-R(II)3bR must equal HC-R(II)3bA.                | For BHCs, SHCs, IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh172 eq bhckh171  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3818        | HC-R(II)3bA | BHCKH171    | For BHCs, SHCs, IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)3bA must be less than or equal to HC-3B                               | For BHCs, SHCs, IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh171 le bhckb989  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3820        | HC-R(II)4aA | BHCKS413    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)4aB through HC-R(II)4aR must equal HC-R(II)4aA. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks414 + bhckh173 + bhcks415 + bhcks416 + bhcks417 + bhckh273) eq bhcks413  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3825        | HC-R(II)4bA | BHCKS419    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)4bB through HC-R(II)4bR must equal HC-R(II)4bA. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks420 + bhckh174 + bhckh175 + bhckh176 + bhckh177 + bhcks421 + bhckh275) eq bhcks419   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Validity  | 3830        | HC-R(II)4cA | BHCKS423    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)4cB through HC-R(II)4cR must equal HC-R(II)4cA. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks424 + bhcks425 + bhckhj78 + bhckhj79 + bhcks426 + bhcks427 + bhcks428 + bhcks429 + bhckh277) eq bhcks423                       |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Validity  | 3840        | HC-R(II)4dA | BHCKS431    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)4dB through HC-R(II)4dR must equal HC-R(II)4dA. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks432 + bhcks433 + bhckhj80 + bhckhj81 + bhcks434 + bhcks435 + bhcks436 + bhcks437 + bhckh279) eq bhcks431                       |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3845        | HC-R(II)5aA | BHCKS439    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)5aB through HC-R(II)5aR must equal HC-R(II)5aA. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks440 + bhckh178 + bhcks441 + bhcks442 + bhcks443 + bhckh281) eq bhcks439  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3850        | HC-R(II)5bA | BHCKS445    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)5bB through HC-R(II)5bR must equal HC-R(II)5bA. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks446 + bhckh179 + bhckh180 + bhckh181 + bhckh182 + bhcks447 + bhckh283) eq bhcks445   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Validity  | 3855        | HC-R(II)5cA | BHCKS449    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)5cB through HC-R(II)5cR must equal HC-R(II)5cA. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks450 + bhcks451 + bhckhj82 + bhckhj83 + bhcks452 + bhcks453 + bhcks454 + bhcks455 + bhckh285) eq bhcks449                       |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Validity  | 3865        | HC-R(II)5dA | BHCKS457    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)5dB through HC-R(II)5dR must equal HC-R(II)5dA. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks458 + bhcks459 + bhckhj84 + bhckhj85 + bhcks460 + bhcks461 + bhcks462 + bhckh287) eq bhcks457                                  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3870        | HC-R(II)6A  | BHCKS413    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)6B through HC-R(II)6R must equal HC-R(II)6A.    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcy3123 eq bhcx3123   |

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| FRY9C  | 20180630             | 99991231           | No Change   | HC-R(II) | Validity  | 3895        | HC-R(II)7A  | BHCKD976    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)7B through HC-R(II)7R must equal HC-R(II)7A.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhck466 + bhckd977 + bhckhj86 + bhckhj87 + bhckd978 + bhckd979 + bhckd980 + bhck467 + bhckh289 + bhckh188 + bhckh290 + bhckh187 + bhckh291) eq bhckd976  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-R(II) | Validity  | 3930        | HC-R(II)8A  | BHCKD981    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)8B through HC-R(II)8R and HC-R(II)8aR and HC-R(II)8bR must equal HC-R(II)8A.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhck469 + bhckd982 + bhckhj88 + bhckhj89 + bhckd983 + bhckh984 + bhckd985 + bhckh185 + bhckh293 + bhckh188 + bhck470 + bhck471 + bhckh294 + bhckh296 + bhckh298) eq bhckd981   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-R(II) | Validity  | 3902        | HC-R(II)8A  | BHCKD981    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8A must be less than or equal to the sum of HC-6 through HC-11.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd981 le (bhck2145 + bhck2150 + bhck2130 + bhck3656 + bhck2143 + bhck2160)   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3915        | HC-R(II)9aA | BHCKS475    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)9aB and HC-R(II)9aQ must equal HC-R(II)9aA  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhck476 + bhck477) eq bhck475  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3919        | HC-R(II)9aT | BHCKS478    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, If the sum of HC-R(II)9aT through HC-R(II)10T is greater than zero, then the sum of HC-R(II)9aU through HC-R(II)10U must equal zero or null. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhck478 + bhck483 + bhck488 + bhck493 + bhck498) gt 0 then (bhck479 + bhck484 + bhck489 + bhck494 + bhck499) eq 0 or (bhck479 eq null and bhck484 eq null and bhck489 eq null and bhck494 eq null and bhck499 eq null)    |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3921        | HC-R(II)9aU | BHCKS479    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if the sum of HC-R(II)9aU through HC-R(II)10U is greater than zero, then the sum of HC-R(II)9aT through HC-R(II)10T must equal zero or null. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhck479 + bhck484 + bhck489 + bhck494 + bhck499) gt 0 then (bhck478 + bhck483 + bhck488 + bhck493 + bhck498) eq 0 or (bhck478 eq null and bhck483 eq null and bhck488 eq null and bhck493 eq null and bhck498 eq null)    |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3925        | HC-R(II)9bA | BHCKS480    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)9bB and HC-R(II)9bQ must equal HC-R(II)9bA.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhck481 + bhck482) eq bhck480  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3935        | HC-R(II)9cA | BHCKS485    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)9cB and HC-R(II)9cQ must equal HC-R(II)9cA.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhck486 + bhck487) eq bhck485  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3940        | HC-R(II)9dA | BHCKS490    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)9dB and HC-R(II)9dQ must equal HC-R(II)9dA.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhck491 + bhck492) eq bhck490  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3950        | HC-R(II)10A | BHCKS495    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)10B and HC-R(II)10Q must equal HC-R(II)10A.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhck496 + bhck497) eq bhck495  |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Validity  | 3920        | HC-R(II)11A | BHCT2170    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11A through HC-R(II)5dA and HC-R(II)7A through HC-R(II)9dA minus HC-R(II)6A must equal HC-R(II)11A.                           | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, ((bhckd957 + bhckd961 + bhckja21 + bhckd971 + bhckh171 + bhck413 + bhck419 + bhck423 + bhck431 + bhck439 + bhck445 + bhck449 + bhck457 + bhckd976 + bhckd981 + bhck475 + bhck480 + bhck485 + bhck490) - bhck3123) eq bhct2170 |



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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3955        | HC-R(II)11B | BHCKS500    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11B through HC-R(II)5dB and HC-R(II)7B through HC-R(II)9dB minus HC-R(II)6B must equal HC-R(II)11B. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, ((bhcks396 + bhcks399 + bhcks402 + bhckh172 + bhcks414 + bhcks420 + bhcks432 + bhcks440 + bhcks446 + bhcks450 + bhcks458 + bhcks466 + bhcks469 + bhcks476 + bhcks481 + bhcks486 + bhcks491) -bhcy3123) eq bhcks500 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3965        | HC-R(II)11C | BHCKD987    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11C through HC-R(II)8C must equal HC-R(II)11C.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckd958 + bhckd962 + bhckd967 + bhckd972 + bhckh173 + bhckh174 + bhcks425 + bhcks433 + bhckh178 + bhckh179 + bhcks451 + bhcks459 + bhckd977 + bhckd982) eq bhckd987  |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Validity  | 3967        | HC-R(II)11D | BHCKHJ90    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11D through HC-R(II)8D must equal HC-R(II)11D.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckhj74 + bhckhj76 + bhckhj78 + bhckhj80 + bhckhj82 + bhckhj84 + bhckhj86 + bhckhj88) eq bhckhj90  |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Validity  | 3969        | HC-R(II)11E | BHCKHJ91    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11E through HC-R(II)8E must equal HC-R(II)11E.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckhj75 + bhckhj77 + bhckhj79 + bhckhj81 + bhckhj83 + bhckhj85 + bhckhj87 + bhckhj89) eq bhckhj91  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3975        | HC-R(II)11G | BHCKD988    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11G through HC-R(II)8G must equal HC-R(II)11G.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckd959 + bhckd963 + bhckd968 + bhckd973 + bhcks415 + bhckh175 + bhcks426 + bhcks434 + bhcks441 + bhckh180 + bhcks452 + bhcks460 + bhckd978 + bhckd983) eq bhckd988  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3985        | HC-R(II)11H | BHCKD989    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11H through HC-R(II)8H must equal HC-R(II)11H.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks397 + bhckd964 + bhckd969 + bhcks410 + bhcks416 + bhckh176 + bhcks427 + bhcks435 + bhcks442 + bhckh181 + bhcks453 + bhcks461 + bhckd979 + bhckd984) eq bhckd989  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 3995        | HC-R(II)11I | BHCKD990    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11I through HC-R(II)8I must equal HC-R(II)11I.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckd960 + bhckd965 + bhckd970 + bhckd974 + bhcks417 + bhckh177 + bhcks428 + bhcks436 + bhcks443 + bhckh182 + bhcks454 + bhcks462 + bhckd980 + bhckd985) eq bhckd990  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-R(II) | Validity  | 4005        | HC-R(II)11A | BHCT2170    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11A through HC-R(II)11R must equal HC-R(II)11A.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks500 + bhckd987 + bhckhj91 + bhckd988 + bhckd989 + bhckd990 + bhcks503 + bhcks504 + bhcks505 + bhcks506 + bhcks507 + bhcks510 + bhckh300) eq bhct2170   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4010        | HC-R(II)11J | BHCKS503    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11J through HC-R(II)8J must equal HC-R(II)11J.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks398 + bhcks400 + bhcks403 + bhcks411 + bhcks421 + bhcks429 + bhcks437 + bhcks447 + bhcks455 + bhcks463 + bhcks467 + bhckh185) eq bhcks503  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4014        | HC-R(II)11L | BHCKS505    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11L through HC-R(II)8L must equal HC-R(II)11L.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks405 + bhckh186 + bhckh188) eq bhcks505   |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type | Edit Number | TargetItem  | MDRM Number | Edit Test   | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4016        | HC-R(II)11M | BHCKS506    | For BHCs, SHCs, IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11M through HC-R(II)11B must equal HC-R(II)11M.                  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckk470 + bhckk290) eq bhckk506  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4018        | HC-R(II)11N | BHCKS507    | For BHCs, SHCs, IHCs, Non-Bank IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11N through HC-R(II)11B must equal HC-R(II)11N.                 | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckk470 + bhckk290) eq bhckk506  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4024        | HC-R(II)11Q | BHCKS510    | For BHCs, SHCs, IHCs, Non-Bank IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11Q through HC-R(II)11B must equal HC-R(II)11Q.                 | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckk477 + bhckk482 + bhckk487 + bhckk492) eq bhckk510  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4025        | HC-R(II)11R | BHCKH300    | For BHCs, SHCs, IHCs, Non-Bank IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11R through HC-R(II)11B must equal HC-R(II)11R.                 | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckk271 + bhckk273 + bhckk275 + bhckk277 + bhckk279 + bhckk281 + bhckk283 + bhckk285 + bhckk287 + bhckk291 + bhckk294 + bhckk296 + bhckk298) eq bhckk300 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4030        | HC-R(II)12A | BHCKD991    | For BHCs, SHCs, IHCs, Non-Bank IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)12B must equal HC-R(II)12A.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckk992 eq bhckk991   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Validity  | 4035        | HC-R(II)12B | BHCKD992    | For BHCs, SHCs, IHCs, Non-Bank IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)12C through HC-R(II)12I must equal HC-R(II)12B.                 | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckk493 + bhckk492 + bhckk493 + bhckk494 + bhckk495 + bhckk496 + bhckk511) eq bhckk992   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4055        | HC-R(II)13B | BHCKD998    | For BHCs, SHCs, IHCs, Non-Bank IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)13B must equal HC-R(II)13A multiplied by 50%. (+/-2)                   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckk997 * .5) - 2))  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4065        | HC-R(II)13B | BHCKD998    | For BHCs, SHCs, IHCs, Non-Bank IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)13C through HC-R(II)13I must equal HC-R(II)13B.                 | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckk999 + bhckk603 + bhckk604 + bhckk605 + bhckk612) eq bhckk998   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4085        | HC-R(II)14B | BHCKG607    | For BHCs, SHCs, IHCs, Non-Bank IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)14B must equal HC-R(II)14A multiplied by 20%. (+/-2)                   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckk607 ie ((bhckk606 * .2) + 2)) and (bhckk607 ge ((bhckk606 * .2) - 2))  |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Validity  | 4095        | HC-R(II)14B | BHCKG607    | For BHCs, SHCs, IHCs, Non-Bank IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)14C through HC-R(II)14I must equal HC-R(II)14B.                 | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckk608 + bhckk494 + bhckk495 + bhckk609 + bhckk610 + bhckk611 + bhckk513) eq bhckk607   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4155        | HC-R(II)15A | BHCKG612    | For BHCs, SHCs, IHCs, Non-Bank IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)15B must equal HC-R(II)15A.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckk613 eq bhckk612   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4165        | HC-R(II)15B | BHCKG613    | For BHCs, SHCs, IHCs, Non-Bank IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)15C through HC-R(II)15J must equal HC-R(II)15B.                 | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckk614 + bhckk615 + bhckk616 + bhckk617 + bhckk614) eq bhckk613   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4172        | HC-R(II)16A | BHCKS515    | For BHCs, SHCs, IHCs, Non-Bank IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)16B must equal HC-R(II)16A.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckk516 eq bhckk515   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4180        | HC-R(II)16B | BHCKS516    | For BHCs, SHCs, IHCs, Non-Bank IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)16C through HC-R(II)16I and HC-R(II)16R must equal HC-R(II)16B. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckk517 + bhckk518 + bhckk519 + bhckk520 + bhckk521 + bhckk522 + bhckk523 + bhckk301) eq bhckk516  |

Validity (V) Edits for the FR Y-9C  
(Effective as of March 31, 2019)

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type | Edit Number | TargetItem   | MDRM Number | Edit Test   | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|--------------|-------------|---|--|
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4195        | HC-R(II)17A  | BHCKG618    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)17B must equal HC-R(II)17A.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg619 eq bhckg618  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4210        | HC-R(II)17B  | BHCKG619    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)17C through HC-R(II)17I must equal HC-R(II)17B.                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckg620 + bhckg621 + bhckg622 + bhckg623 + bhckg624) eq bhckg619  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4214        | HC-R(II)18aB | BHCKS526    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18aB must equal HC-R(II)18aA multiplied by 20%. (+/-2)                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckg525 * .2) - 2))   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Validity  | 4216        | HC-R(II)18aB | BHCKS526    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)18aC through HC-R(II)18aI and HC-R(II)18aR must equal HC-R(II)18aB. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckg527 + bhckhj96 + bhckhj97 + bhckg528 + bhckg529 + bhckg530 + bhckg531 + bhckh303) eq bhckg526   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4220        | HC-R(II)18bB | BHCKG625    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18bB must equal HC-R(II)18bA multiplied by 50%. (+/-2)                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg625 le ((bhckg624 * .5) + 2) and bhckg625 ge ((bhckg624 * .5) - 2)   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Validity  | 4230        | HC-R(II)18bB | BHCKG625    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)18bC through HC-R(II)18bI and HC-R(II)18bR must equal HC-R(II)18bB. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckg626 + bhckhj98 + bhckhj99 + bhckg627 + bhckg628 + bhckg629 + bhckg539 + bhckh307) eq bhckg625   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4235        | HC-R(II)19B  | BHCKS541    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)19B must equal zero and must not be null.                                  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg541 eq 0 and bhckg541 ne null  |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Validity  | 4242        | HC-R(II)20B  | BHCKS542    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)20C through HC-R(II)20I and HC-R(II)20R must equal HC-R(II)20B.     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckg543 + bhckhk00 + bhckhk01 + bhckg544 + bhckg545 + bhckg546 + bhckg547 + bhckg548 + bhckh309) eq bhckg542                                  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4244        | HC-R(II)21B  | BHCKS549    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)21C through HC-R(II)21J must equal HC-R(II)21B.                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckg550 + bhckg551 + bhckg552 + bhckg554 + bhckg555 + bhckg556 + bhckg557) eq bhckg549  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4246        | HC-R(II)22A  | BHCKH191    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)22C through HC-R(II)22Q must equal HC-R(II)22A.                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckh193 + bhckh194 + bhckh195 + bhckh196 + bhckh197 + bhckh198 + bhckh199 + bhckh200) eq bhckh191   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4250        | HC-R(II)23C  | BHCKG630    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)23C through HC-R(II)23E must equal HC-R(II)23C.                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckd987 + bhckd993 + bhckd999 + bhckg608 + bhckg614 + bhckg517 + bhckg620 + bhckg527 + bhckg626 + bhckg543 + bhckg550 + bhckh193) eq bhckg630 |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Validity  | 4252        | HC-R(II)23D  | BHCKS558    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)23D through HC-R(II)23F must equal HC-R(II)23D.                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckhj90 + bhckhj92 + bhckhj94 + bhckg518 + bhckhj96 + bhckhj98 + bhckhk00 + bhckg551) eq bhckg558   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Validity  | 4254        | HC-R(II)23E  | BHCKS559    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)23E through HC-R(II)23G must equal HC-R(II)23E.                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckhj91 + bhckhj93 + bhckhj95 + bhckg519 + bhckhj97 + bhckhj99 + bhckhk01 + bhckg552) eq bhckg559   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4256        | HC-R(II)23F  | BHCKS560    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)23F through HC-R(II)23H must equal HC-R(II)23F.                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg544 eq bhckg560  |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|--|--|
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4260        | HC-R(II)23G | BHCKG631    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11G through HC-R(II)22G must equal HC-R(II)23G.          | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckg988 + bhckd994 + bhckg603 + bhckg609 + bhckg615 + bhcks520 + bhckg621 + bhcks528 + bhckg627 + bhcks545 + bhcks554 + bhckh194) eq bhckg631 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4270        | HC-R(II)23H | BHCKG632    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11H through HC-R(II)22H must equal HC-R(II)23H.          | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckd989 + bhckd995 + bhckg604 + bhckg610 + bhckg616 + bhcks521 + bhckg622 + bhcks529 + bhckg628 + bhcks546 + bhcks555 + bhckh195) eq bhckg632 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4280        | HC-R(II)23I | BHCKG633    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11I through HC-R(II)22I must equal HC-R(II)23I.          | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckd990 + bhckd996 + bhckg605 + bhckg611 + bhckg617 + bhcks522 + bhckg623 + bhcks530 + bhckg629 + bhcks547 + bhcks556 + bhckh196) eq bhckg633 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4281        | HC-R(II)23J | BHCKS561    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)11J through HC-R(II)22J must equal HC-R(II)23J.          | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks503 + bhcks511 + bhcks512 + bhcks513 + bhcks514 + bhcks523 + bhcks524 + bhcks531 + bhcks539 + bhcks548 + bhcks557 + bhckh197) eq bhcks561 |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-R(II) | Validity  | 4282        | HC-R(II)23K | BHCKS562    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)11K must equal HC-R(II)23K.                                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks504 eq bhcks562  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4283        | HC-R(II)23L | BHCKS563    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)11L must equal HC-R(II)23L.                                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks505 eq bhcks563  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4284        | HC-R(II)23M | BHCKS564    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)11M must equal HC-R(II)23M.                                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks506 eq bhcks564  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4285        | HC-R(II)23N | BHCKS565    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)11N must equal HC-R(II)23N.                                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks507 eq bhcks565  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4286        | HC-R(II)23O | BHCKS566    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)22O must equal HC-R(II)23O.                                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh198 eq bhcks566  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4287        | HC-R(II)23P | BHCKS567    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)22P must equal HC-R(II)23P.                                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh199 eq bhcks567  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4288        | HC-R(II)23Q | BHCKS568    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)10Q, HC-R(II)11Q and HC-R(II)22Q must equal HC-R(II)23Q. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks497 + bhcks510 + bhckh200) eq bhcks568  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4290        | HC-R(II)25C | BHCKG634    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)25C must equal zero and must not be null.                       | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg634 eq 0 and bhckg634 ne null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Validity  | 4320        | HC-R(II)25I | BHCKG637    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)25I must equal HC-R(II)23I                                      | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg637 eq bhckg633  |





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| FRY9C  | 20150331             | 99991231           | No Change   | 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 + bhckm3516 + bhck3360 + bhck3401 + bhckb985) le bhck3368                        |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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 (bhck4059-q1 eq bhck4059-q2 - 2)) then (bhck4059-q1 ge bhck4059-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9010        | HI-1a2      | BHCK4059    | HI-1a2 should not be negative.   | bhck4059 ge 0 or bhck4059 eq null   |
| FRY9C  | 20150331             | 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 (bhck4065-q1 eq bhck4065-q2 - 2)) then (bhck4065-q1 ge bhck4065-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9020        | HI-1b       | BHCK4065    | HI-1b should not be null.  | bhck4065 ne null  |
| FRY9C  | 20150331             | 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 (bhck4115-q1 eq bhck4115-q2 - 2)) then (bhck4115-q1 ge bhck4115-q2 - 2) |
| FRY9C  | 20150331             | 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  | 20150331             | 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 (bhckb488-q1 eq bhckb488-q2 - 2)) then (bhckb488-q1 ge bhckb488-q2 - 2) |
| FRY9C  | 20150331             | 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  | 20150331             | 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 (bhckb489-q1 eq bhckb489-q2 - 2)) then (bhckb489-q1 ge bhckb489-q2 - 2) |
| FRY9C  | 20150331             | 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  | 20150331             | 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 (bhck4060-q1 eq bhck4060-q2 - 2)) then (bhck4060-q1 ge bhck4060-q2 - 2) |
| FRY9C  | 20150331             | 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  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9030        | 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 (bhck4069-q1 eq bhck4069-q2 - 2)) then (bhck4069-q1 ge bhck4069-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Intraseries | 5147        | HI-1e       | BHCK4069    | HI-1e should not be null and should not be negative.   | bhck4069 ne null and bhck4069 ge 0  |
| FRY9C  | 20150331             | 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  |

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| FRY9C  | 20160930             | 99991231           | No Change   | HI       | Intraseries | 5148        | HI-1f       | BHCK4020    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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  | 20160930             | 99991231           | No Change   | HI       | Quality     | 9030        | HI-1f       | BHCK4020    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HI-1f should not be null and should not be negative.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhck4020 ne null and bhck4020 ge 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20170331             | 99991231           | No Change   | HI       | Intraseries | 5150        | HI-2a1a     | BHCKHK03    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhckhk03-q1 ge bhckhk03-q2 - 2) |
| FRY9C  | 20170331             | 99991231           | No Change   | HI       | Quality     | 9030        | HI-2a1a     | BHCKHK03    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HI-2a1a should not be null and should not be negative.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhckhk03 ne null and bhckhk03 ge 0   |
| FRY9C  | 20170331             | 99991231           | No Change   | HI       | Intraseries | 5151        | HI-2a1b     | BHCKHK04    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4356-q1 eq bhck4356-q2)) then (bhckhk04-q1 ge bhckhk04-q2 - 2) |
| FRY9C  | 20170331             | 99991231           | No Change   | HI       | Quality     | 9030        | HI-2a1b     | BHCKHK04    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HI-2a1b should not be null and should not be negative.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhckhk04 ne null and bhckhk04 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HI       | Intraseries | 5152        | HI-2a1c     | BHCK6761    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck6761-q1 eq bhck6761-q2 - 2)                                    |
| FRY9C  | 20160930             | 99991231           | No Change   | HI       | Quality     | 9030        | HI-2a1c     | BHCK6761    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HI-2a1c should not be null and should not be negative.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhck6761 ne null and bhck6761 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HI       | Intraseries | 5153        | HI-2a2      | BHCK4172    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4172-q1 eq bhck4172-q2 - 2)                                    |
| FRY9C  | 20160930             | 99991231           | No Change   | HI       | Quality     | 9040        | HI-2a2      | BHCK4172    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HI-2a2 should not be negative.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhck4172 ge 0 or bhck4172 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HI       | Intraseries | 5154        | HI-2b       | BHCK4180    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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  | 20160930             | 99991231           | No Change   | HI       | Quality     | 9050        | HI-2b       | BHCK4180    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HI-2b should not be null and should not be negative.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhck4180 ne null and bhck4180 ge 0   |
| FRY9C  | 20150331             | 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)  |
| FRY9C  | 20150331             | 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   |

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| FRY9C  | 20150331             | 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 and HI-2d should not be null.   | if (mm-q1 eq 03) and (bhck4062 gt 2.000) then bhck4397 gt 0 and bhck4397 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Intraserries | 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  | 20150331             | 99991231           | No Change   | HI       | Intraserries | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HI       | Intraserries | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HI       | Quality      | 9060        | HI-4       | BHCK4230    | HI-4 should not be null.   | bhck4230 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Intraserries | 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  | 20150331             | 99991231           | No Change   | HI       | Quality      | 9070        | HI-5a      | BHCK4070    | HI-5a should not be negative.  | bhck4070 ge 0 or bhck4070 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HI       | Intraserries | 5159        | HI-5b      | BHCK4483    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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  | 20160930             | 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  | 20150331             | 99991231           | No Change   | 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 (bhck3543 ne 0 and bhck3543 ne null) or (bhck497 ne 0 and bhck497 ne null) or (bhck3547 ne 0 and bhck3547 ne null) or (bhckg516 ne 0 and bhckg516 ne null) then (bhckA220 ne 0 and bhckA220 ne null) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality      | 9090        | HI-5c      | BHCKA220    | HI-5c should not be null.  | bhckA220 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Intraserries | 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  | 20150331             | 99991231           | No Change   | HI       | Quality      | 9090        | HI-5d1     | BHCKC886    | HI-5d1 should not be null.   | bhckc886 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Intraserries | 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)   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality      | 9090        | HI-5d2     | BHCKC888    | HI-5d2 should not be null.   | bhckc888 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Intraserries | 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  | 20150331             | 99991231           | No Change   | HI       | Quality      | 9090        | HI-5d3     | BHCKC887    | HI-5d3 should not be null.   | bhckc887 ne null  |
| FRY9C  | 20150331             | 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 and HI-5d4 should not be null.   | if (bhckc242 + bhckc243 gt 0) and (bhckc242 + bhckc243 ne bhckc387) then bhckc386 gt 0 and bhckc386 ne null   |

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| FRY9C  | 20150331             | 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-Miem12b1 and HI-Miem12b2.  | if bhckc386 gt 0 then bhckc386 ge (bhckc242 + bhckc243)  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 5133        | HI-5d4      | BHCKC386    | If HI-Miem12c is greater than zero, then HI-5d4 should be greater than zero and HI-5d4 should not be null.  | if bhckb983 gt 0 then bhckc386 gt 0 and bhckc386 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 5134        | HI-5d4      | BHCKC386    | If the sum of HC-(II)2, HC-(II)5, HC-(II)6, HC-(II)3, HC-(II)6, HC-(II)7, and HC-M21 is greater than zero, then HI-5d4 should be greater than zero and HI-5d4 should not be null.           | if (bhckc244 + bhckc245 + bhckc246 + bhckc248 + bhckc249 + bhckc250 + bhckc253) gt 0 then bhckc386 gt 0 and bhckc386 ne null |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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 and HI-5d5 should not be null.   | if (mm-q1 eq 03) and abs(bhckc386) gt 5 then bhckc387 ne 0 and bhckc387 ne null  |
| FRY9C  | 20150331             | 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 abs(bhckc386-q1 - bhckc386-q2) gt 5 then (bhckc387-q1 - bhckc387-q2) ne 0 |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9090        | HI-5e       | BHCKB491    | HI-5e should not be null.   | bhckb491 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9090        | HI-5f       | BHCKB492    | HI-5f should not be null.   | bhckb492 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9090        | HI-5g       | BHCKB493    | HI-5g should not be null.   | bhckb493 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9110        | HI-5i       | BHCK8560    | HI-5i should not be null.   | bhck8560 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9110        | HI-5j       | BHCK8561    | HI-5j should not be null.   | bhck8561 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9110        | HI-5k       | BHCKB496    | HI-5k should not be null.   | bhckb496 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9110        | HI-5l       | BHCKB497    | HI-5l should not be null.   | bhckb497 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9110        | HI-6a       | BHCK3521    | HI-6a should not be null.   | bhck3521 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9110        | HI-6b       | BHCK3196    | HI-6b should not be null.   | bhck3196 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 5138        | HI-7a       | BHCK4135    | HI-7a should be greater than zero and HI-7a should not be null.   | bhck4135 gt 0 and bhck4135 ne null   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9130        | HI-7b       | BHCK4217    | HI-7b should not be null.   | bhck4217 ne null   |
| FRY9C  | 20150331             | 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  | 20150331             | 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   |

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| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9150        | HI-7d      | BHCK4092    | HI-7d should not be null.  | bhck4092 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9170        | HI-9       | BHCK4302    | HI-9 should not be null.   | bhck4302 ne null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HI       | Quality     | 9170        | HI-11      | BHCKFT28    | HI-11 should not be null.  | bhckft28 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 5212        | HI-Mem1    | BHCK4519    | HI-Mem1 should be greater than or equal to HI-3.   | bhck4519 ge bhck4074   |
| FRY9C  | 20150331             | 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.  | abs(bhck4519) le (abs(bhck4074) * 1.5)   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9180        | HI-Mem1    | BHCK4519    | HI-Mem1 should not be null.  | bhck4519 ne null   |
| FRY9C  | 20180331             | 99991231           | No Change   | HI       | Quality     | 5216        | HI-Mem2    | BHCK4592    | HI-Mem2 should be greater than or equal to HI-8c.  | bhck4592 ge bhck4301   |
| FRY9C  | 20180331             | 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-8c.   | abs(bhck4592) le (abs(bhck4301) * 1.5)   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9180        | HI-Mem2    | BHCK4592    | HI-Mem2 should not be null.  | bhck4592 ne null   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20160930             | 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 - \$50 thousand.   | if (mm-q1 eq 03) and (bhck4150 gt 0) then (bhck4135 / bhck4150) le 50  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 5245        | HI-Mem5    | BHCK4150    | HI-Mem5 should be greater than zero and HI-Mem5 should not be null.  | bhck4150 gt 0 and bhck4150 ne null   |
| FRY9C  | 20160930             | 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 - \$50 thousand. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck4150-gt 0 and bhck4135-gt 0) then (bhck4135-q1 - bhck4135-q2) / bhck4150-q1 le 4 and ((bhck4135-q1 - bhck4135-q2) / bhck4150-q1) le 50 |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem6a   | BHCKC013    | HI-Mem6a should not be null.   | bhckc013 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem6b   | BHCKC014    | HI-Mem6b should not be null.   | bhckc014 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem6c   | BHCKC016    | HI-Mem6c should not be null.   | bhckc016 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem6d   | BHCK4042    | HI-Mem6d should not be null.   | bhck4042 ne null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem6e   | BHCKC015    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HI-Mem6e should not be null.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhckc015 ne null   |
| FRY9C  | 20180630             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem6f   | BHCKF555    | HI-Mem6f should not be null.   | bhckf555 ne null   |
| FRY9C  | 20180630             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem6g   | BHCKT047    | HI-Mem6g should not be null.   | bhckt047 ne null   |
| FRY9C  | 20180630             | 99991231           | No Change   | HI       | Quality     | 5260        | HI-Mem6h   | 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  | 20180630             | 99991231           | No Change   | HI       | Quality     | 5261        | HI-Mem6i   | 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  | 20180630             | 99991231           | No Change   | HI       | Quality     | 5262        | HI-Mem6i   | 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  |



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| FRY9C  | 20180630             | 99991231           | No Change   | HI       | Quality     | 5263        | HI-Mem6TX  | 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  | 20180630             | 99991231           | No Change   | HI       | Quality     | 5264        | HI-Mem6j   | 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  | 20180630             | 99991231           | No Change   | HI       | Intraseries | 5276        | HI-Mem6j   | BHCK8564    | For June, September, and December, if the sum of HI-Mem6a through HI-Mem6j (previous) is greater than zero, then the sum of HI-Mem6a through HI-Mem6j (current) should be greater than zero. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck013-q2 + bhck014-q2 + bhck016-q2 + bhck4042-q2 + bhck015-q2 + bhckf555-q2 + bhck047-q2 + bhck8562-q2 + bhck8563-q2 + bhck8564-q2) gt 0 then ((bhck013-q1 + bhck014-q1 + bhck016-q1 + bhck4042-q1 + bhck015-q1 + bhckf555-q1 + bhck8562-q1 + bhck047-q1 + bhck8563-q1 + bhck8564-q1) gt 0)   |
| FRY9C  | 20180630             | 99991231           | No Change   | HI       | Quality     | 5265        | HI-Mem6TX  | 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  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem7a   | BHCK0017    | HI-Mem7a should not be null.   | bhck0017 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem7b   | BHCK0497    | HI-Mem7b should not be null.   | bhck0497 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem7c   | BHCK4136    | HI-Mem7c should not be null.   | bhck4136 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem7d   | BHCK0018    | HI-Mem7d should not be null.   | bhck0018 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem7e   | BHCK8403    | HI-Mem7e should not be null.   | bhck8403 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem7f   | BHCK4141    | HI-Mem7f should not be null.   | bhck4141 ne null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem7g   | BHCK4146    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, Mem7g should not be null.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhck4146 ne null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem7i   | BHCKY923    | HI-Mem7i should not be null.   | bhcky923 ne null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HI       | Quality     | 9200        | HI-Mem7m   | BHCKY924    | HI-Mem7m should not be null.   | bhcky924 ne null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HI       | Quality     | 5280        | HI-Mem7n   | 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  | 20160930             | 99991231           | No Change   | HI       | Quality     | 5281        | HI-Mem7nTX | 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  | 20160930             | 99991231           | No Change   | HI       | Quality     | 5282        | HI-Mem7o   | 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  | 20160930             | 99991231           | No Change   | HI       | Quality     | 5283        | HI-Mem7oTX | 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  | 20160930             | 99991231           | No Change   | HI       | Quality     | 5284        | HI-Mem7p   | 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  | 20160930             | 99991231           | No Change   | HI       | Quality     | 5295        | HI-Mem7p   | BHCK8567    | The sum of HI-Mem7a through HI-Mem7p should be less than or equal to HI-7d.  | (bhck017 + bhck0497 + bhck4136 + bhck018 + bhck8403 + bhck4141 + bhck4146 + bhckf556 + bhckf557 + bhckf558 + bhckf559 + bhcky923 + bhcky924 + bhcky925 + bhck8566 + bhck8567) le bhck4092   |
| FRY9C  | 20160930             | 99991231           | No Change   | HI       | Intraseries | 5297        | HI-Mem7p   | BHCK8567    | For June, September, and December, if the sum of HI-Mem7a through HI-Mem7p (previous) is greater than zero, then the sum of HI-Mem7a through HI-Mem7p (current) should be greater than zero. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck017-q2 + bhck0497-q2 + bhck4136-q2 + bhck018-q2 + bhck8403-q2 + bhck4141-q2 + bhck4146-q2 + bhckf556-q2 + bhckf557-q2 + bhckf558-q2 + bhckf559-q2 + bhcky923-q2 + bhcky924-q2 + bhck8565-q2 + bhck8566-q2 + bhck8567-q2) gt 0 then ((bhck017-q1 + bhck0497-q1 + bhck4136-q1 + bhck018-q1 + bhck8403-q1 + bhck4141-q1 + bhck4146-q1 + bhckf556-q1 + bhckf557-q1 + bhckf558-q1 + bhckf559-q1 + bhcky923-q1 + bhcky924-q1 + bhck8565-q1 + bhck8566-q1 + bhck8567-q1) gt 0) |
| FRY9C  | 20160930             | 99991231           | No Change   | HI       | Quality     | 5285        | HI-Mem7pTX | 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   |



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|--------|----------------------|--------------------|-------------|----------|--------------|-------------|-------------|-------------|--|---|
| FRY9C  | 20180331             | 99991231           | No Change   | HI       | Quality      | 9200        | HI-Mem10b   | BHCK890     | If previous year June HC-12 is greater than or equal to \$10 billion, then HI-Mem10b should not be null, else HI-Mem10b should 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 bhck890 ne null else bhck890 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Intraserries | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HI       | Intraserries | 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 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) and (bhckb570 gt 100)) then (bhck8431 gt 0) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Intraserries | 5390        | HI-Mem12a   | BHCK8431    | If previous year June HC-12 is greater than or equal to \$1 billion, then HI-Mem12a should be less than or equal to the sum of HI-5d1, HI-5d2, HI-5d3, and HI-5d5 (+\$10k).  | 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 bhck8431 le (+\$10k)                   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Intraserries | 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 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 bhck8431 ne null and bhck8431 ge 0     |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HI       | Intraserries | 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  | 20150331             | 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 and the sum of HI-Mem12b1 and HI-Mem12b2 should not equal null.   | if bhckb983 gt 0 then (bhckc242 + bhckc243) gt 0 and (bhckc242 + bhckc243) ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality      | 6170        | HI-Mem12b2  | BHCKC243    | If HC-(II)2 is greater than zero, then HI-Mem12b2 should be greater than zero and HI-Mem12b2 should not be null.   | if (bhckb992 gt 0) then bhckc243 gt 0 and bhckc243 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality      | 6172        | HI-Mem12b2  | BHCKC243    | If HC-(II)5 is greater than zero, then HI-Mem12b2 should be greater than zero and HI-Mem12b2 should not be null.   | if (bhckb996 gt 0) then bhckc243 gt 0 and bhckc243 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality      | 6175        | HI-Mem12b2  | BHCKC243    | If the sum of HC-(II)2, HC-(II)5, HC-(II)6, HC-(II)3, HC-(II)6, HC-(II)7, and HC-M21 is greater than zero, then the sum of HI-Mem12b1 and HI-Mem12b2 should be greater than zero and the sum of HI-Mem12b1 and HI-Mem12b2 should not equal null. | if (bhckc244 + bhckc245 + bhckc246 + bhckc248 + bhckc249 + bhckc250 + bhckc253) gt 0 then (bhckc242 + bhckc243) gt 0 and (bhckc242 + bhckc243) ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-I     | Quality      | 6176        | HI-Mem12c   | BHCKB983    | If the sum of HI-5d4, HI-Mem12b1, HI-Mem12b2, HC-(II)2, HC-(II)5, HC-(II)6, HC-(II)3, and HC-(II)7 is greater than \$1M, then HI-Mem12c should be greater than zero and HI-Mem12c should not equal null.   | if (bhckc386 + bhckc242 + bhckc243 + bhckc244 + bhckc245 + bhckc246 + bhckc248 + bhckc249 + bhckc250) gt 1000 then bhckb983 gt 0 and bhckb983 ne null   |

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| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HI       | Intraseries | 5400        | HI-Mem13   | BHCKA530    | HI-Mem13 (current) should equal HI-Mem13 (previous).  | (bhcka530-q1) eq (bhcka530-q2)   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI       | Quality     | 5403        | HI-Mem13   | BHCKA530    | If HC-F2 is greater than \$500k, then HI-Mem13 should equal "0" (no) and HI-Mem13 should not equal null.  | if bhck2148 gt 500 then bhcka530 eq 0 and bhcka530 ne null   |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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-2f, HI-5c, HI-5f, and HI-5i.                    | if bhckf553 ne null then abs(bhckf553) le (bhck4073 + bhcka220 + bhckb492 + bhckb497)  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No change   | HI       | Quality     | 9206        | HI-Mem16   | BHCKF228    | HI-Mem16 should not be negative.  | bhckf228 ge 0 or bhckf228 eq null  |
| FRY9C  | 20170331             | 99991231           | No Change   | HI       | Quality     | 9206        | HI-Mem17   | BHCKJ321    | HI-Mem17 should not be negative.  | bhckj321.ge 0 or bhckj321 eq null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-A     | Quality     | 9210        | HI-A1      | BHCK3217    | HI-A1 should not be null.   | bhck3217 ne null   |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HI-A     | Quality     | 9210        | HI-A2      | BHCKB507    | HI-A2 should not be null.   | bhckb507 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-A     | Intraseries | 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  | 20150331             | 99991231           | No Change   | HI-A     | Quality     | 9210        | HI-A3      | BHCKB508    | HI-A3 should not be null.   | bhckb508 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-A     | Quality     | 9210        | HI-A4      | BHCT4340    | HI-A4 should not be null.   | bhct4340 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-A     | Intraseries | 5470        | HI-A5a     | BHCK3577    | For June, September, and December, if HI-A5a (previous) is not equal to zero, then HI-A5a (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 then bhck3577-q1 ne 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-A     | Quality     | 9210        | HI-A5a     | BHCK3577    | Sum of HI-A5a and HI-A5b should be less than or equal to HC-23.   | bhck3577 ne null   |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HI-A     | Intraseries | 5470        | HI-A5b     | BHCK3578    | For June, September, and December, if HI-A5b (previous) is not equal to zero, then HI-A5b (current) should not equal zero.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck3578-q2 ne 0) then (bhck3578-q1 ne 0)  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-A     | Quality     | 9210        | HI-A5b     | BHCK3578    | HI-A5b should not be null.  | bhck3578 ne null   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|---|
| FRY9C  | 20150331             | 99991231           | No Change   | HI-A     | Intraseries | 5470        | HI-A6a      | BHCK3579    | For June, September, and December, if HI-A6a (previous) is not equal to zero, then HI-A6a (current) should not equal zero.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck3579-q2 ne 0 ) then (bhck3579-q1 ne 0)                            |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-A     | Quality     | 9210        | HI-A6a      | BHCK3579    | HI-A6a should not be null.   | bhck3579 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-A     | Intraseries | 5470        | HI-A6b      | BHCK3580    | For June, September, and December, if HI-A6b (previous) is not equal to zero, then HI-A6b (current) should not equal zero.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhck3580-q2 ne 0 ) then (bhck3580-q1 ne 0)                            |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HI-A     | Quality     | 9210        | HI-A6b      | BHCK3580    | HI-A6b should not be null.   | bhck3580 ne null  |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HI-A     | Quality     | 9230        | HI-A9       | BHCK4356    | HI-A9 should not be null.  | bhck4356 ne null  |
| FRY9C  | 20150331             | 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  | 20150331             | 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  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-A     | Intraseries | 5530        | HI-A12      | BHCK8511    | 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 (bhck8511-q2 ne 0) then (bhck8511-q1 ne 0)                             |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-A     | Quality     | 9250        | HI-A12      | BHCK8511    | HI-A12 should not be null.   | bhck8511 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-A     | Quality     | 9250        | HI-A13      | BHCK4591    | HI-A13 should not be null.   | bhck4591 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-A     | Quality     | 9250        | HI-A14      | BHCK3581    | HI-A14 should not be null.   | bhck3581 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0001        | HI-B()1a1A  | BHCK891     | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B()1a1A.                                | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck891-q1 ge bhck891-q2 - 2)  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0002        | HI-B()1a1B  | BHCK892     | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B()1a1B.                                | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck892-q1 ge bhck892-q2 - 2)  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0046        | HI-B()1a2A  | BHCK893     | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B()1a2A.                                | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck893-q1 ge bhck893-q2 - 2)  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0047        | HI-B()1a2B  | BHCK894     | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B()1a2B.                                | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck894-q1 ge bhck894-q2 - 2)  |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0003        | HI-B()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()1bA.                                 | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck3584-q1 ge bhck3584-q2 - 2)                                      |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0004        | HI-B()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()1bB.                                 | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck3585-q1 ge bhck3585-q2 - 2)                                      |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0005        | HI-B()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()1c1A.                                | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck5411-q1 ge bhck5411-q2 - 2)                                      |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0006        | HI-B()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()1c1B.                                | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck5412-q1 ge bhck5412-q2 - 2)                                      |



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| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0007        | HI-B()<br>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()<br>1c2aA. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc234-q1 ge bhckc234-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0008        | HI-B()<br>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()<br>1c2aB. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc217-q1 ge bhckc217-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0009        | HI-B()<br>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()<br>1c2bA. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc235-q1 ge bhckc235-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0010        | HI-B()<br>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()<br>1c2bB. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc218-q1 ge bhckc218-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0011        | HI-B()<br>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()<br>1dA.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck3588-q1 ge bhck3588-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0012        | HI-B()<br>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()<br>1dB.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck3589-q1 ge bhck3589-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0013        | HI-B()<br>1e1A  | BHCK895     | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B()<br>1e1A.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck895-q1 ge bhck895-q2 - 2)   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0014        | HI-B()<br>1e1B  | BHCK896     | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B()<br>1e1B.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck896-q1 ge bhck896-q2 - 2)   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0050        | HI-B()<br>1e2A  | BHCK897     | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B()<br>1e2A.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck897-q1 ge bhck897-q2 - 2)   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0051        | HI-B()<br>1e2B  | BHCK898     | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B()<br>1e2B.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck898-q1 ge bhck898-q2 - 2)   |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0015        | HI-B()<br>1fA   | BHCK8512    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B()<br>1fA.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck8512-q1 ge bhck8512-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0016        | HI-B()<br>1fB   | BHCK8513    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B()<br>1fB.   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck8513-q1 ge bhck8513-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0021        | HI-B()<br>1j3A  | BHCK4655    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B()<br>1j3A.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4655-q1 ge bhck4655-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0022        | HI-B()<br>1j3B  | BHCK4665    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B()<br>1j3B.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4665-q1 ge bhck4665-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0023        | HI-B()<br>1j4A  | BHCK4645    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B()<br>1j4A.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4645-q1 ge bhck4645-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0024        | HI-B()<br>1j4B  | BHCK4617    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B()<br>1j4B.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4617-q1 ge bhck4617-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0025        | HI-B()<br>1j4B  | BHCK4646    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B()<br>1j4B.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4646-q1 ge bhck4646-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0026        | HI-B()<br>1j4bB | BHCK4618    | For June, September, and December, the current period should be greater than or equal to the previous period (minus \$2k) for HI-B()<br>1j4bB. | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhck4618-q1 ge bhck4618-q2 - 2) |

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| FRY9C  | 20150331             | 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) |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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) |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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) |

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| FRY9C  | 20150331             | 99991231           | No Change   | HI-B     | Intraseries | 0043        | HI-B(II)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(II)Mem3.  | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) then (bhckc388-q1 ge bhckc388-q2 -2)  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-B     | Intraseries | 5550        | HI-B(II)1    | BHCKB522    | If HI-B(II)7A (previous December) is greater than zero, then HI-B(II)1A (current) should equal HI-B(II)7A (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  | 20190331             | 99991231           | Revised     | HI-B     | Quality     | 9290        | HI-B(II)6    | BHCKC233    | HI-B(II)6A should not be null.  | bhckc233 ne null   |
| FRY9C  | 20150331             | 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  | 20190331             | 99991231           | Revised     | 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)7A.  | (bhckc435 + bhckc390) le bhct3123  |
| FRY9C  | 20180630             | 99991231           | No Change   | HI-B     | Quality     | 5569        | HI-B(II)Mem3 | BHCKC390    | If the sum of HC-C6aA and HC-S1C 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) 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  | 20190331             | 99991231           | Revised     | HI-B     | Quality     | 5570        | HI-B(II)Mem4 | BHCKC781    | For June and December reporting periods, if HI-B(II)Mem4 is not equal to zero, then the sum of HC-CM5a and HC-CM5b should not equal zero.   | if (mm-q1 eq 06 or mm-q1 eq 12) and bhckc781 ne 0 then (bhckc779 + bhckc780) ne 0  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-B     | Quality     | 5571        | HI-B(II)Mem4 | BHCKC781    | HI-B(II)Mem4 should be less than or equal to HI-B(II)7A.  | bhckc781 le bhct3123   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 7650        | HI-C(II)1aA  | BHCKM708    | If HI-C(II)1aB and HI-C(II)1aA are not equal to null, then HI-C(II)1aB should be less than or equal to HI-C(II)1aA.   | if bhckm709 ne null and bhckm708 ne null then bhckm709 le bhckm708   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 9325        | HI-C(II)1aA  | BHCKM708    | HI-C(II)1aA should not be negative.   | bhckm708 ge 0 or bhckm708 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 9325        | HI-C(II)1aB  | BHCKM709    | HI-C(II)1aB should not be negative.   | bhckm709 ge 0 or bhckm709 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 7660        | HI-C(II)1aC  | BHCKM710    | HI-C(II)1aD should be less than or equal to 10 percent of HI-C(II)1aC.  | bhckm711 le (.1 * bhckm710)  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 9325        | HI-C(II)1aC  | BHCKM710    | HI-C(II)1aC should not be negative.   | bhckm710 ge 0 or bhckm710 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 7665        | HI-C(II)1aD  | BHCKM711    | If HI-C(II)1aC is greater than or equal to \$5 million, then HI-C(II)1aD should be greater than 0.  | if bhckm710 ge 5000 then bhckm711 gt 0   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 9325        | HI-C(II)1aD  | BHCKM711    | HI-C(II)1aD should not be negative.   | bhckm711 ge 0 or bhckm711 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 7670        | HI-C(II)1aE  | BHCKM712    | HI-C(II)1aF should be less than or equal to 20 percent of HI-C(II)1aE.  | bhckm713 le (.2 * bhckm712)  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 9325        | HI-C(II)1aE  | BHCKM712    | HI-C(II)1aE should not be negative.   | bhckm712 ge 0 or bhckm712 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 9325        | HI-C(II)1aF  | BHCKM713    | HI-C(II)1aF should not be negative.   | bhckm713 ge 0 or bhckm713 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 7675        | HI-C(II)1bA  | BHCKM714    | If HI-C(II)1bB and HI-C(II)1bA are not equal to null, then HI-C(II)1bB should be less than or equal to HI-C(II)1bA.   | if bhckm715 ne null and bhckm714 ne null then bhckm715 le bhckm714   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 9325        | HI-C(II)1bA  | BHCKM714    | HI-C(II)1bA should not be negative.   | bhckm714 ge 0 or bhckm714 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 9325        | HI-C(II)1bB  | BHCKM715    | HI-C(II)1bB should not be negative.   | bhckm715 ge 0 or bhckm715 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 7685        | HI-C(II)1bC  | BHCKM716    | HI-C(II)1bD should be less than or equal to 10 percent of HI-C(II)1bC.  | bhckm717 le (.1 * bhckm716)  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 9325        | HI-C(II)1bC  | BHCKM716    | HI-C(II)1bC should not be negative.   | bhckm716 ge 0 or bhckm716 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 7690        | HI-C(II)1bD  | BHCKM717    | If HI-C(II)1bC is greater than or equal to \$5 million, then HI-C(II)1bD should be greater than 0.  | if bhckm716 ge 5000 then bhckm717 gt 0   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality     | 9325        | HI-C(II)1bD  | BHCKM717    | HI-C(II)1bD should not be negative.   | bhckm717 ge 0 or bhckm717 eq null  |

Quality (Q) and Intraserries (I) Edits for the FRY-9C  
(Effective as of March 31, 2019)

| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type | Edit Number | TargetItem | MDRM Number | Edit Test   | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|------------|-------------|---|--|
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 7695        | HI-C(I)1bE | BHCKM719    | HI-C(I)1bF should be less than or equal to 20 percent of HI-C(I)1bE.  | bhckm720 le (.2 * bhckm719)  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)1bE | BHCKM719    | HI-C(I)1bE should not be negative.  | bhckm719 ge 0 or bhckm719 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)1bF | BHCKM720    | HI-C(I)1bF should not be negative.  | bhckm720 ge 0 or bhckm720 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 7700        | HI-C(I)1cA | BHCKM721    | If HI-C(I)1cB and HI-C(I)1cA are not equal to null, then HI-C(I)1cB should be less than or equal to HI-C(I)1cA.   | if bhckm722 ne null and bhckm721 ne null then bhckm722 le bhckm721   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)1cA | BHCKM721    | HI-C(I)1cA should not be negative.  | bhckm721 ge 0 or bhckm721 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)1cB | BHCKM722    | HI-C(I)1cB should not be negative.  | bhckm722 ge 0 or bhckm722 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 7705        | HI-C(I)1cC | BHCKM723    | HI-C(I)1cD should be less than or equal to 10 percent of HI-C(I)1cC.  | bhckm724 le (.1 * bhckm723)  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)1cC | BHCKM723    | HI-C(I)1cC should not be negative.  | bhckm723 ge 0 or bhckm723 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 7710        | HI-C(I)1cD | BHCKM724    | If HI-C(I)1cC is greater than or equal to \$5 million, then HI-C(I)1cD should be greater than 0.  | if bhckm723 ge 5000 then bhckm724 gt 0   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)1cD | BHCKM724    | HI-C(I)1cD should not be negative.  | bhckm724 ge 0 or bhckm724 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 7715        | HI-C(I)1cE | BHCKM725    | HC-C1 should be greater than or equal to the sum of HI-C(I)1aA, HI-C(I)1aC, HI-C(I)1aE, HI-C(I)1bA, HI-C(I)1bC, HI-C(I)1bE, HI-C(I)1cA, HI-C(I)1cC, and HI-C(I)1cF. | bhck1410 ge (bhckm708 + bhckm710 + bhckm712 + bhckm714 + bhckm716 + bhckm719 + bhckm721 + bhckm723 + bhckm725) |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 7720        | HI-C(I)1cE | BHCKM725    | HI-C(I)1cF should be less than or equal to 20 percent of HI-C(I)1cE.  | bhckm726 le (.2 * bhckm725)  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)1cE | BHCKM725    | HI-C(I)1cE should not be negative.  | bhckm725 ge 0 or bhckm725 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)1cF | BHCKM726    | HI-C(I)1cF should not be negative.  | bhckm726 ge 0 or bhckm726 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 7725        | HI-C(I)2A  | BHCKM727    | If HI-C(I)2B and HI-C(I)2A are not equal to null, then HI-C(I)2B should be less than or equal to HI-C(I)2A.   | if bhckm728 ne null and bhckm727 ne null then bhckm728 le bhckm727   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)2A  | BHCKM727    | HI-C(I)2A should not be negative.   | bhckm727 ge 0 or bhckm727 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)2B  | BHCKM728    | HI-C(I)2B should not be negative.   | bhckm728 ge 0 or bhckm728 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 7730        | HI-C(I)2C  | BHCKM729    | HI-C(I)2D should be less than or equal to 10 percent of HI-C(I)2C.  | bhckm730 le (.1 * bhckm729)  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)2C  | BHCKM729    | HI-C(I)2C should not be negative.   | bhckm729 ge 0 or bhckm729 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 7735        | HI-C(I)2D  | BHCKM730    | If HI-C(I)2C is greater than or equal to \$5 million, then HI-C(I)2D should be greater than 0.  | if bhckm729 ge 5000 then bhckm730 gt 0   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)2D  | BHCKM730    | HI-C(I)2D should not be negative.   | bhckm730 ge 0 or bhckm730 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 7745        | HI-C(I)2E  | BHCKM731    | HI-C(I)2F should be less than or equal to 20 percent of HI-C(I)2E.  | bhckm732 le (.2 * bhckm731)  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)2E  | BHCKM731    | HI-C(I)2E should not be negative.   | bhckm731 ge 0 or bhckm731 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)2F  | BHCKM732    | HI-C(I)2F should not be negative.   | bhckm732 ge 0 or bhckm732 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 7750        | HI-C(I)3A  | BHCKM733    | If HI-C(I)3B and HI-C(I)3A are not equal to null, then HI-C(I)3B should be less than or equal to HI-C(I)3A.   | if bhckm734 ne null and bhckm733 ne null then bhckm734 le bhckm733   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)3A  | BHCKM733    | HI-C(I)3A should not be negative.   | bhckm733 ge 0 or bhckm733 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)3B  | BHCKM734    | HI-C(I)3B should not be negative.   | bhckm734 ge 0 or bhckm734 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 7755        | HI-C(I)3C  | BHCKM735    | HI-C(I)3D should be less than or equal to 10 percent of HI-C(I)3C.  | bhckm736 le (.1 * bhckm735)  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)3C  | BHCKM735    | HI-C(I)3C should not be negative.   | bhckm735 ge 0 or bhckm735 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 7760        | HI-C(I)3D  | BHCKM736    | If HI-C(I)3C is greater than or equal to \$5 million, then HI-C(I)3D should be greater than 0.  | if bhckm735 ge 5000 then bhckm736 gt 0   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)3D  | BHCKM736    | HI-C(I)3D should not be negative.   | bhckm736 ge 0 or bhckm736 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 7765        | HI-C(I)3E  | BHCKM737    | HC-C6aA should be greater than or equal to the sum of HI-C(I)3A, HI-C(I)3C, and HI-C(I)3E.  | bhckb538 ge (bhckm733 + bhckm735 + bhckm737)   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)3E  | BHCKM737    | HI-C(I)3E should not be negative.   | bhckm737 ge 0 or bhckm737 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)3F  | BHCKM738    | HI-C(I)3F should not be negative.   | bhckm738 ge 0 or bhckm738 eq null  |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 7775        | HI-C(I)4A  | BHCKM739    | If HI-C(I)4B and HI-C(I)4A are not equal to null, then HI-C(I)4B should be less than or equal to HI-C(I)4A.   | if bhckm740 ne null and bhckm739 ne null then bhckm740 le bhckm739   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C     | Quality   | 9325        | HI-C(I)4A  | BHCKM739    | HI-C(I)4A should not be negative.   | bhckm739 ge 0 or bhckm739 eq null  |

Quality (Q) and Intraseries (!) Edits for the FRY-9C  
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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule                              | Edit Type | Edit Number | TargetItem | MDRM Number | Edit Test   | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|---------------------------------------|-----------|-------------|------------|-------------|---|---|
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C                                  | Quality   | 9325        | HI-C(!)4B  | BHCKM740    | HI-C(!)4B should not be negative.   | bhckm740 ge 0 or bhckm740 eq null   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C                                  | Quality   | 7780        | HI-C(!)4C  | BHCKM741    | HI-C(!)4D should be less than or equal to 10 percent of HI-C(!)4C.                            | bhckm742 le (.1 * bhckm741)   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C                                  | Quality   | 9325        | HI-C(!)4C  | BHCKM741    | HI-C(!)4C should not be negative.   | bhckm741 ge 0 or bhckm741 eq null   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C                                  | Quality   | 9325        | HI-C(!)4D  | BHCKM742    | HI-C(!)4D should not be negative.   | bhckm742 ge 0 or bhckm742 eq null   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C                                  | Quality   | 7795        | HI-C(!)4E  | BHCKM743    | HI-C(!)4F should be less than or equal to 20 percent of HI-C(!)4E.                            | bhckm744 le (.2 * bhckm743)   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C                                  | Quality   | 9325        | HI-C(!)4E  | BHCKM743    | HI-C(!)4E should not be negative.   | bhckm743 ge 0 or bhckm743 eq null   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C                                  | Quality   | 9325        | HI-C(!)4F  | BHCKM744    | HI-C(!)4F should not be negative.   | bhckm744 ge 0 or bhckm744 eq null   |
| FRY9C  | 20190331             | 99991231           | Revised     | HI-C                                  | Quality   | 9325        | HI-C(!)5D  | BHCKM745    | HI-C(!)5D should not be negative.   | bhckm745 ge 0 or bhckm745 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | NIS-P                                 | Quality   | 9330        | NIS-P1     | BHBC4107    | NIS-P1 should not be negative.  | bhbc4107 ge 0 or bhbc4107 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | NIS-P                                 | Quality   | 9330        | NIS-P1a    | BHBC4094    | NIS-P1a should not be negative.   | bhbc4094 ge 0 or bhbc4094 eq null   |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | NIS-P                                 | Quality   | 9330        | NIS-P1b    | BHBC4218    | NIS-P1b should not be negative.   | bhbc4218 ge 0 or bhbc4218 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | NIS-P                                 | Quality   | 9330        | NIS-P2     | BHBC4073    | NIS-P2 should not be negative.  | bhbc4073 ge 0 or bhbc4073 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | NIS-P                                 | Quality   | 5579        | NIS-P2a    | BHBC4421    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, P2a should be less than or equal to NIS-P2. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhbc4421 le bhbc4073              |
| FRY9C  | 20160930             | 99991231           | No Change   | NIS-P                                 | Quality   | 9330        | NIS-P2a    | BHBC4421    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, NIS-P2a should not be negative.             | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhbc4421 ge 0 or bhbc4421 eq null |
| FRY9C  | 20150331             | 99991231           | No Change   | NIS-P                                 | Quality   | 5584        | NIS-P3     | BHBC4074    | NIS-P1 minus NIS-P2 should equal NIS-P3.  | (bhbc4107 - bhbc4073) eq bhbc4074   |
| FRY9C  | 20150331             | 99991231           | No Change   | NIS-P                                 | Quality   | 9330        | NIS-P5     | BHBC4079    | NIS-P5 should not be negative.  | bhbc4079 ge 0 or bhbc4079 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | NIS-P                                 | Quality   | 9330        | NIS-P5a    | BHBC4070    | NIS-P5a should not be negative.   | bhbc4070 ge 0 or bhbc4070 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | NIS-P                                 | Quality   | 9330        | NIS-P5b    | BHBCA220    | NIS-P5b should not be negative.   | bhbc220 ge 0 or bhbc220 eq null   |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | NIS-P                                 | Quality   | 9330        | NIS-P7     | BHBC4093    | NIS-P7 should not be negative.  | bhbc4093 ge 0 or bhbc4093 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | NIS-P                                 | Quality   | 9330        | NIS-P7a    | BHBC4135    | NIS-P7a should not be negative.   | bhbc4135 ge 0 or bhbc4135 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | NIS-P                                 | Quality   | 5594        | NIS-P7b    | BHBC216     | Sum of NIS-P7a and NIS-P7b should be less than or equal to NIS-P7.                            | (bhbc4135 + bhbc216) le bhbc4093  |
| FRY9C  | 20160930             | 99991231           | No Change   | NIS-P                                 | Quality   | 5604        | NIS-P12    | BHCKFT41    | NIS-P8 minus the sum of NIS-P9 through NIS-P11 should equal NIS-P12.                          | bhbc4301 - (bhbc4302 + bhbc4484 + bhckft41) eq bhbc4340                             |
| FRY9C  | 20150331             | 99991231           | No Change   | NIS-P                                 | Quality   | 9330        | NIS-P13    | BHBC4475    | NIS-P13 should not be negative.   | bhbc4475 ge 0 or bhbc4475 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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                         |



Quality (Q) and Intraserries (!) Edits for the FRY-9C  
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|--------|----------------------|--------------------|-------------|---------------------------------------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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 |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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 |

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| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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 |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 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   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20160930             | 99991231           | No Change   | HC                                    | Quality     | 9340        | HC-3a      | BHDM987     | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhdm987 ne null and bhdm987 ge 0                | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhdm987 ne null and bhdm987 ge 0 |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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   |

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| FRY9C  | 20150331             | 99991231           | No Change   | HC       | Quality     | 9340        | HC-4d       | BHCK8529    | HC-4d should not be null and should not be negative.  | bhckb529 ne null and bhckb529 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC       | Quality     | 5715        | HC-6        | BHCK2145    | HC-6 should be greater than zero.   | bhck2145 gt 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC       | Quality     | 9350        | HC-8        | BHCK2130    | HC-8 should not be null.  | bhck2130 ne null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC       | Intraseries | 5727        | HC-M12b     | BHCK3163    | For March, HI-7c1 should be less than or equal to HC-M12b (previous). (+\$10k)  | if (mm-q1 eq 03) then (bhckc216-q1 le bhck3163-q2 + 10)   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC       | Intraseries | 5728        | HC-M12b     | BHCK3163    | For June, September, and December, HI-7c1 (current minus previous) should be less than or equal to HC-M12b (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  | 20180630             | 99991231           | No Change   | HC       | Quality     | 9360        | HC-M12b     | BHCK3163    | HC-M12b should not be null and should not be negative.  | bhck3163 ne null and bhck3163 ge 0  |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC       | Intraseries | 5745        | HC-12       | BHCK2170    | HC-12 (current) should not equal HC-12 (previous).  | bhck2170-q1 ne bhck2170-q2  |
| FRY9C  | 20150331             | 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 textc497 ne null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC       | Quality     | 9360        | HC-13a1     | BHDM6631    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-13a1 should not be null and should not be negative.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhdm6631 ne null and bhdm6631 ge 0                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC       | Quality     | 9360        | HC-13a2     | BHDM6636    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-13a2 should not be null and should not be negative.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhdm6636 ne null and bhdm6636 ge 0                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC       | Quality     | 9370        | HC-13b1     | BHFM6631    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-13b1 should not be negative.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhfm6631 ge 0 or bhfm6631 eq null                                       |
| FRY9C  | 20160930             | 99991231           | No Change   | HC       | Quality     | 5750        | HC-13b2     | BHFM6636    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, If HI-2a2 is greater than \$10k, then HC-13b2 should be greater than zero.                                | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if bhck4172 gt 10 then bhfm6636 gt 0                                    |
| FRY9C  | 20150331             | 99991231           | No Change   | HC       | Quality     | 9370        | HC-13b2     | BHFM6636    | HC-13b2 should not be negative.   | bhfm6636 ge 0 or bhfm6636 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC       | Quality     | 9380        | HC-14a      | BHDM8993    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-14a should not be null and should not be negative.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhdm8993 ne null and bhdm8993 ge 0                                      |
| FRY9C  | 20150331             | 99991231           | No Change   | HC       | Quality     | 9380        | HC-14b      | BHCK8995    | HC-14b should not be null and should not be negative.   | bhckb995 ne null and bhckb995 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC       | Quality     | 0427        | HC-15       | BHCK3548    | If the sum of HC-L14a1A through HC-L14a2D minus the sum of HC-L14a2A 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC       | Quality     | 9380        | HC-19b      | BHCK6999    | HC-19b should not be null and should not be negative.   | bhck6999 ne null and bhck6999 ge 0  |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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   |

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| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC       | Quality     | 9390        | HC-26a      | BHCK3247    | HC-26a should not be null.   | bhck3247 ne null   |
| FRY9C  | 20150331             | 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 minus previous) +/- 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC       | Quality     | 9390        | HC-26b      | BHCKB530    | HC-26b should not be null.   | bhckb530 ne null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC       | Quality     | 5788        | HC-26b      | BHCKB530    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, The absolute value of HC-R(I)3 should be greater than or equal to 20 percent of the absolute value of HC-26b. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, abs(bhckb530) ge (.2 * abs(bhckb530))   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC       | Quality     | 5789        | HC-26b      | BHCKB530    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, The absolute value of HC-R(I)3 should be less than or equal to the absolute value of HC-26b.                  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, abs(bhckb530) le abs(bhckb530)  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC       | Quality     | 5792        | HC-26c      | BHCKA130    | HC-26c should be less than or equal to zero.   | bhckA130 le 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC       | Quality     | 9390        | HC-27a      | BHCK3210    | HC-27a should not be null.   | bhck3210 ne null   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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) and HC-Mem1 should not be null.   | if (mm-q1 eq 12 and (bhckc884-q5 eq 1)) then (bhckc884-q1 eq 1) and bhckc884 ne null   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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 and textc705 ne null)   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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   |
| FRY9C  | 20150331             | 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   |



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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|------------|-------------|--|------------------------------------|
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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 |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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 |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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 |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|------------|-------------|--|------------------------------------|
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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 |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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 |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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 |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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                                      |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-B     | Intraseries | 5900        | HC-BM3      | BHCK1778    | For June and December reporting periods, HC-BM3 (current) should be greater than or equal to HC-BM3 (previous). | if (mm-q1 eq 06 or mm-q1 eq 12) then bhck1778-q1 ge bhck1778-q2         |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-B     | Quality     | 9400        | HC-BM3      | BHCK1778    | For June and December reporting periods, HC-BM3 should not be null and should not be negative.                  | if (mm-q1 eq 06 or mm-q1 eq 12) then bhck1778 ne null and bhck1778 ge 0 |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20180630             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B2A      | BHCKHT50    | HC-B2A should not be null and should not be negative.   | bhckht50 ne null and bhckht50 ge 0                                      |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B2B      | BHCKHT51    | HC-B2B should not be null and should not be negative.   | bhckht51 ne null and bhckht51 ge 0                                      |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B2C      | BHCKHT52    | HC-B2C should not be null and should not be negative.   | bhckht52 ne null and bhckht52 ge 0                                      |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B2D      | BHCKHT53    | HC-B2D should not be null and should not be negative.   | bhckht53 ne null and bhckht53 ge 0                                      |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B5BA     | BHCKHT58    | HC-B5BA should not be null and should not be negative.  | bhckht58 ne null and bhckht58 ge 0                                      |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B5BB     | BHCKHT59    | HC-B5BB should not be null and should not be negative.  | bhckht59 ne null and bhckht59 ge 0                                      |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B5BC     | BHCKHT60    | HC-B5BC should not be null and should not be negative.  | bhckht60 ne null and bhckht60 ge 0                                      |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-B     | Quality     | 9400        | HC-B5BD     | BHCKHT61    | HC-B5BD should not be null and should not be negative.  | bhckht61 ne null and bhckht61 ge 0                                      |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5A     | BHCKB838    | HC-BM5A should not be negative.   | bhckb838 ge 0 or bhckb838 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5AB    | BHCKB839    | HC-BM5AB should not be negative.  | bhckb839 ge 0 or bhckb839 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5AC    | BHCKB840    | HC-BM5AC should not be negative.  | bhckb840 ge 0 or bhckb840 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5AD    | BHCKB841    | HC-BM5AD should not be negative.  | bhckb841 ge 0 or bhckb841 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5BA    | BHCKB842    | HC-BM5BA should not be negative.  | bhckb842 ge 0 or bhckb842 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5BB    | BHCKB843    | HC-BM5BB should not be negative.  | bhckb843 ge 0 or bhckb843 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5BC    | BHCKB844    | HC-BM5BC should not be negative.  | bhckb844 ge 0 or bhckb844 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5BD    | BHCKB845    | HC-BM5BD should not be negative.  | bhckb845 ge 0 or bhckb845 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5CA    | BHCKB846    | HC-BM5CA should not be negative.  | bhckb846 ge 0 or bhckb846 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5CB    | BHCKB847    | HC-BM5CB should not be negative.  | bhckb847 ge 0 or bhckb847 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5CC    | BHCKB848    | HC-BM5CC should not be negative.  | bhckb848 ge 0 or bhckb848 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5CD    | BHCKB849    | HC-BM5CD should not be negative.  | bhckb849 ge 0 or bhckb849 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5DA    | BHCKB850    | HC-BM5DA should not be negative.  | bhckb850 ge 0 or bhckb850 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5DB    | BHCKB851    | HC-BM5DB should not be negative.  | bhckb851 ge 0 or bhckb851 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5DC    | BHCKB852    | HC-BM5DC should not be negative.  | bhckb852 ge 0 or bhckb852 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5DD    | BHCKB853    | HC-BM5DD should not be negative.  | bhckb853 ge 0 or bhckb853 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5EA    | BHCKB854    | HC-BM5EA should not be negative.  | bhckb854 ge 0 or bhckb854 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5EB    | BHCKB855    | HC-BM5EB should not be negative.  | bhckb855 ge 0 or bhckb855 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5EC    | BHCKB856    | HC-BM5EC should not be negative.  | bhckb856 ge 0 or bhckb856 eq null                                       |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5ED    | BHCKB857    | HC-BM5ED should not be negative.  | bhckb857 ge 0 or bhckb857 eq null                                       |

Quality (Q) and Intraseries (I) Edits for the FRY-9C  
(Effective as of March 31, 2019)

| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | TargetItem | MDRM Number | Edit Test  | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|------------|-------------|--|--|
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5FA   | BHCKB858    | HC-BM5FA should not be negative.   | bhckb858 ge 0 or bhckb858 eq null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5FB   | BHCKB859    | HC-BM5FB should not be negative.   | bhckb859 ge 0 or bhckb859 eq null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5FC   | BHCKB860    | HC-BM5FC should not be negative.   | bhckb860 ge 0 or bhckb860 eq null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-B     | Quality     | 9404        | HC-BM5FD   | BHCKB861    | HC-BM5FD should not be negative.   | bhckb861 ge 0 or bhckb861 eq null  |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-C     | Quality     | 5985        | HC-C6aA    | BHCKB538    | For March, if the sum of HI-B()5aA and HI-B()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  | 20150331             | 99991231           | No Change   | HC-C     | Intraseries | 5987        | HC-C6aA    | BHCKB538    | For June, September, and December, if the sum of HI-B()5aA and HI-B()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  | 20150331             | 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   |

Quality (Q) and Intraserries (!) Edits for the FRY-9C  
(Effective as of March 31, 2019)

| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type    | Edit Number | Target Item | MDRM Number | Edit Test   | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|--------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Quality      | 9406        | HC-C6bA     | BHCKB539    | HC-C6bA should not be null and should not be negative.  | bhckkb539 ne null and bhckkb539 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Quality      | 6000        | HC-C6cA     | BHCKK137    | For March, if the sum of HI-B(0)5bA and HI-B(0)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  | 20150331             | 99991231           | No Change   | HC-C     | Intraserries | 6003        | HC-C6cA     | BHCKK137    | For June, September, and December, if the sum of HI-B(0)5bA and HI-B(0)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-ql gt 0                  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-C     | Quality      | 0397        | HC-C6dA     | BHCKK207    | For March, if the sum of HI-B(0)5cA and HI-B(0)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 (bhckkb539 + bhckk207) gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Intraserries | 0397        | HC-C6dA     | BHCKK207    | For June, September, and December, if the sum of HI-B(0)5cA and HI-B(0)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 (bhckkb539-q1 + bhckk207-ql) gt 0 |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  |



Quality (Q) and Intraseries (I) Edits for the FRY-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  | 20150331             | 99991231           | No Change   | 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   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20160930             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-CM1f2    | BHCKK168    | HC-CM1f2 should not be null and should not be negative.   | bhckk168 ne null and bhckk168 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-CM1f3a   | BHCKK098    | HC-CM1f3a should not be null and should not be negative.  | bhckk098 ne null and bhckk098 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-CM1f3b   | BHCKK203    | HC-CM1f3b should not be null and should not be negative.  | bhckk203 ne null and bhckk203 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-CM1f3c   | BHCKK204    | HC-CM1f3c should not be null and should not be negative.  | bhckk204 ne null and bhckk204 ge 0   |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-C     | Quality     | 9406        | HC-CM1g     | BHCKHK25    | HC-CM1g should not be null and should not be negative.  | bhckhk25 ne null and bhckhk25 ge 0   |
| FRY9C  | 20150331             | 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.<br>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 should be greater than zero.     | if (mm-q1 eq 03) and ((bhckk5409 + bhckk5410) gt 25) then bhck2746 gt 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Intraseries | 6018        | HC-CM2      | BHCK2746    |   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and ((bhckk5409-q1 + bhckk5410-q1) - (bhckk5409-q2 + bhckk5410-q2) gt 25) then bhck2746-q1 gt 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20180630             | 99991231           | No Change   | HC-C     | Quality     | 6020        | HC-CM4      | BHCKC391    | If the sum of HC-C6aA and HC-S1C 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) gt 500000) or (((bhckb538 + bhckb707) / (bhck2122 + bhckb707)) * 100) gt 50 and (((bhck2122 + bhckb707) / (bhck2170 + bhckb707)) * 100) gt 50 then bhckc391 gt 0 |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Quality     | 9410        | HC-CM4      | BHCKC391    | HC-CM4 should not be negative.  | bhckc391 ge 0 or bhckc391 eq null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Quality     | 6022        | HC-CM5a     | BHCK779     | If HC-CM5b is greater than zero, then HC-CM5a should be greater than zero.  | if bhckc780 gt 0 then bhckc779 gt 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Quality     | 6023        | HC-CM5a     | BHCK779     | HC-CM5a should be greater than or equal to HC-CM5b.   | bhckc779 ge bhckc780   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Quality     | 6024        | HC-CM5b     | BHCK780     | If HC-CM5a is greater than zero, then HC-CM5b should be greater than zero.  | if bhckc779 gt 0 then bhckc780 gt 0  |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-C     | Quality     | 9420        | HC-CM6a     | BHCKF230    | For June and December reporting periods, HC-CM6a should not be null and should not be negative.   | if (mm-q1 eq 06 or mm-q1 eq 12) then bhckf230 ne null and bhckf230 ge 0  |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-C     | Quality     | 9421        | HC-CM6b     | BHCKF231    | For June and December reporting periods, HC-CM6b should not be negative.  | if (mm-q1 eq 06 or mm-q1 eq 12) then bhckf231 ge 0 or bhckf231 eq null   |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-C     | Quality     | 6029        | HC-CM6c     | BHCKF232    | For June and December reporting periods, HC-CM6c should be less than or equal 50% of HC-CM6a.   | if (mm-q1 eq 06 or mm-q1 eq 12) then bhckf232 le (0.50 * bhckf230)   |

Quality (Q) and Intraseries (!) Edits for the FRY-9C  
(Effective as of March 31, 2019)

| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test   | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20190331             | 99991231           | Revised     | HC-C     | Quality     | 9421        | HC-CM6c     | BHCKF232    | For June and December reporting periods, HC-CM6c should not be negative.  | if (mm-q1 eq 06 or mm-q1 eq 12) then bhckf232 ge 0 or bhckf232 eq null   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-Q     | Intraseries | 0070        | HC-QM3b     | BHCKF585    | If HC-QM3b (current) is not equal to zero or null, then HC-QM3b (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  | 20180630             | 99991231           | No Change   | HC-Q     | Quality     | 0154        | HC-QM3b     | BHCKF585    | Sum of HC-C4aA and HC-C4bA should be greater than or equal to HC-QM3b.  | (bhck1763 + bhck1764) ge bhckf585  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-Q     | Intraseries | 0080        | HC-QM3d     | BHCKF589    | If HC-QM3d (previous) is not equal to zero or null, then HC-QM3d (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  | 20180630             | 99991231           | No Change   | HC-Q     | Quality     | 0160        | HC-QM3d     | 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-QM3d.                 | (bhck1292 + bhck1296 + bhck1590 + bhck2081 + bhck4454 + bhck1545 + bhck4451) ge bhckf589                                   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-Q     | Intraseries | 0146        | HC-QM4b     | BHCKF597    | If HC-QM4b (previous) is not equal to zero or null, then HC-QM4b (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  | 20180630             | 99991231           | No Change   | HC-Q     | Quality     | 0247        | HC-QM4b     | BHCKF597    | If HC-QM3b is not equal to zero or null, then HC-QM4b should not equal zero or null.  | if bhckf585 ne 0 and bhckf585 ne null then bhckf597 ne 0 and bhckf597 ne null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-Q     | Intraseries | 0154        | HC-QM4d     | BHCKF601    | If HC-QM4d (previous) is not equal to zero or null, then HC-QM4d (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  | 20180630             | 99991231           | No Change   | HC-Q     | Quality     | 0255        | HC-QM4d     | BHCKF601    | If HC-QM3d is not equal to zero or null, then HC-QM4d should not equal zero or null.  | if bhckf589 ne 0 and bhckf589 ne null then bhckf601 ne 0 and bhckf601 ne null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D1       | BHCM3531    | HC-D1 should not be negative.   | bhcm3531 ge 0 or bhcm3531 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D2       | BHCM3532    | HC-D2 should not be negative.   | bhcm3532 ge 0 or bhcm3532 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D3       | BHCM3533    | HC-D3 should not be negative.   | bhcm3533 ge 0 or bhcm3533 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D4a      | BHCMG379    | HC-D4a should not be negative.  | bhckg379 ge 0 or bhckg379 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D4b      | BHCMG380    | HC-D4b should not be negative.  | bhckg380 ge 0 or bhckg380 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D4c      | BHCMG381    | HC-D4c should not be negative.  | bhckg381 ge 0 or bhckg381 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D4d      | BHCMK197    | HC-D4d should not be negative.  | bhckk197 ge 0 or bhckk197 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D4e      | BHCMK198    | HC-D4e should not be negative.  | bhckk198 ge 0 or bhckk198 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 0201        | HC-D5b      | BHCMG386    | HC-D5b should be greater than or equal to the sum of HC-DM5a through HC-DM5f.   | bhckg386 ge (bhckf643 + bhckf644 + bhckf645 + bhckf646 + bhckf647 + bhckf648)  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D5b      | BHCMG386    | HC-D5b should not be negative.  | bhckg386 ge 0 or bhckg386 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6b      | BHCMK614    | HC-D6b should not be negative.  | bhckk614 ge 0 or bhckk614 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6d      | BHCMK618    | HC-D6d should not be negative.  | bhckk618 ge 0 or bhckk618 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D9       | BHCM3541    | HC-D9 should not be negative.   | bhcm3541 ge 0 or bhcm3541 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D11      | BHCM3543    | HC-D11 should not be negative.  | bhcm3543 ge 0 or bhcm3543 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Intraseries | 0128        | HC-D12      | BHCT3545    | If HC-K4a is greater than or equal to \$10 million in any of the four preceding quarters, then HC-D12 (current) should not be null. | if (bhck3401-q2 ge 10000 or bhck3401-q3 ge 10000 or bhck3401-q4 ge 10000 or bhck3401-q5 ge 10000) then bhct3545-q1 ne null |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D13a1    | BHCMG209    | HC-D13a1 should not be negative.  | bhckg209 ge 0 or bhckg209 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D13a2    | BHCMG210    | HC-D13a2 should not be negative.  | bhckg210 ge 0 or bhckg210 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D13a3    | BHCMG211    | HC-D13a3 should not be negative.  | bhckg211 ge 0 or bhckg211 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D13b     | BHCMG624    | HC-D13b should not be negative.   | bhckf624 ge 0 or bhckf624 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D14      | BHCMK3547   | HC-D14 should not be negative.  | bhckk3547 ge 0 or bhckk3547 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D5a      | BHCMHT62    | HC-D5a should not be negative.  | bhckht62 ge 0 or bhckht62 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6a1     | BHCMHT63    | HC-D6a1 should not be negative.   | bhckht63 ge 0 or bhckht63 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6a2     | BHCMHT64    | HC-D6a2 should not be negative.   | bhckht64 ge 0 or bhckht64 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 9430        | HC-D6c      | BHCMHT65    | HC-D6c should not be negative.  | bhckht65 ge 0 or bhckht65 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 0265        | HC-DM1b     | BHCMF632    | If HC-D6b is not equal to zero, then HC-DM1b should not equal zero.   | if bhckf614 ne 0 then bhckf632 ne 0  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 0273        | HC-DM1d     | BHCMF636    | If HC-D6d is not equal to zero, then HC-DM1d should not equal zero.   | if bhckf618 ne 0 then bhckf636 ne 0  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality     | 0275        | HC-DM1a1    | BHCMHT66    | If HC-D6a1 is not equal to zero, then HC-DM1a1 should not equal zero.   | if bhckht63 ne 0 then bhckht66 ne 0  |

Quality (Q) and Intraseries (!) Edits for the FRY-9C  
(Effective as of March 31, 2019)

| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type | Edit Number | Target Item | MDRM Number | Edit Test   | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|--|
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality   | 0276        | HC-DM1a2    | BHCKHT67    | If HC-D6a2 is not equal to zero, then HC-DM1a2 should not equal zero.                                   | if bhckht64 ne 0 then bhckht67 ne 0  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality   | 0277        | HC-DM1c     | BHCKHT68    | not equal zero.   | if bhckht65 ne 0 then bhckht68 ne 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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 bhckf655 ne null                            |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-D     | Quality   | 0228        | HC-         | BHCKF655    | If text data is not equal to null, then financial data should not equal null or zero.                   | if bhckf655 ne null then bhckf655 ne null and bhckf655 ne 0                            |
| FRY9C  | 20150331             | 99991231           | No Change   | 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 bhckf656 ne null                            |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-D     | Quality   | 0230        | HC-         | BHCKF656    | If text data is not equal to null, then financial data should not equal null or zero.                   | if bhckf656 ne null then bhckf656 ne null and bhckf656 ne 0                            |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality   | 0204        | HC-DM9b3    | BHCKF657    | HC-D9 should be greater than or equal to the sum of HC-DM7a, HC-DM7b, and HC-DM9a2 through HC-DM9b3.    | bhckm3541 ge (bhckf652 + bhckf653 + bhckg213 + bhckf655 + bhckf656 + bhckf657)         |
| FRY9C  | 20150331             | 99991231           | No Change   | 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 bhckf657 ne null                            |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-D     | Quality   | 0232        | HC-         | BHCKF657    | If text data is not equal to null, then financial data should not equal null or zero.                   | if bhckf657 ne null then bhckf657 ne null and bhckf657 ne 0                            |
| FRY9C  | 20150331             | 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 bhckf658 ne null                            |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-D     | Quality   | 0234        | HC-         | BHCKF658    | If text data is not equal to null, then financial data should not equal null or zero.                   | if bhckf658 ne null then bhckf658 ne null and bhckf658 ne 0                            |
| FRY9C  | 20150331             | 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 bhckf659 ne null                            |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-D     | Quality   | 0236        | HC-         | BHCKF659    | If text data is not equal to null, then financial data should not equal null or zero.                   | if bhckf659 ne null then bhckf659 ne null and bhckf659 ne 0                            |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-D     | Quality   | 0205        | HC-DM10c    | BHCKF660    | HC-D13b should be greater than or equal to the sum of HC-DM10a through HC-DM10c.                        | bhckf624 ge (bhckf658 + bhckf659 + bhckf660)   |
| FRY9C  | 20150331             | 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 bhckf660 ne null                            |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-D     | Quality   | 0238        | HC-         | BHCKF660    | If text data is not equal to null, then financial data should not equal null or zero.                   | if bhckf660 ne null then bhckf660 ne null and bhckf660 ne 0                            |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-E     | Quality   | 9440        | HC-E1a      | BHCKB2210   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-E1a should not be null and should not be negative. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhckb2210 ne null and bhckb2210 ge 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-E     | Quality   | 9440        | HC-E1b      | BHCKB3187   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-E1b should not be null and should not be negative. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhckb3187 ne null and bhckb3187 ge 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-E     | Quality   | 9440        | HC-E1c      | BHCKB2389   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-E1c should not be null and should not be negative. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhckb2389 ne null and bhckb2389 ge 0 |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-E     | Quality   | 9440        | HC-E1d      | BHCKBHK29   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-E1d should not be null and should not be negative. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhckbhk29 ne null and bhckbhk29 ge 0 |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-E     | Quality   | 9440        | HC-E1e      | BHCKB474    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-E1e should not be null and should not be negative. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhckb474 ne null and bhckb474 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-E     | Quality   | 6048        | HC-E2a      | BHCKD3189   | Sum of HC-E1a and HC-E2a must be less than or equal to HC-13a1.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, (bhckb2210 + bhckb3189) le bhckm6631 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-E     | Quality   | 9450        | HC-E2a      | BHCKD3189   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-E2a should not be negative.                        | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhckd3189 ge 0 or bhckd3189 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-E     | Quality   | 9450        | HC-E2b      | BHCKD3187   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-E2b should not be negative.                        | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhckd3187 ge 0 or bhckd3187 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-E     | Quality   | 9450        | HC-E2c      | BHCKD2389   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-E2c should not be negative.                        | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhckd2389 ge 0 or bhckd2389 eq null  |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-E     | Quality   | 9450        | HC-E2d      | BHCKDHK29   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-E2d should not be negative.                        | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhckdhk29 ge 0 or bhckdhk29 eq null  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20170331             | 99991231           | No Change   | HC-E     | Quality     | 6050        | HC-E2e      | BHODJ474    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, (bhc3187 + bhcd2389 + bhcbhk29 + bhcbj474) + (bhod3187 + bhod2389 + bhodhk29 + bhodj474) ge bhdm6636 |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-E     | Quality     | 9450        | HC-E2e      | BHODJ474    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, E2e should not be negative.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhodj474 ge 0 or bhodj474 eq null  |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-E     | Quality     | 9460        | HC-EM1      | BHDMHK06    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, EM1 should not be null and should not be negative.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhdmhk06 ne null and bhdmhk06 ge 0   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-E     | Quality     | 6075        | HC-EM2      | BHDMHK31    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, Sum of HC-EM1 and HC-EM2 should be less than or equal to the sum of HC-E1d and HC-E2d.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, (bhdmhk06 + bhdmhk31) le (bhcbhk29 + bhodhk29)   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-E     | Quality     | 9460        | HC-EM2      | BHDMHK31    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-EM2 should not be null and should not be negative.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhdmhk31 ne null and bhdmhk31 ge 0   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-E     | Quality     | 6080        | HC-EM3      | BHDMHK32    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if HC-EM3 is greater than zero, then HC-EM3 should be greater than or equal to \$250k.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if bhdmhk32 gt 0 then bhdmhk32 ge 250  |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-E     | Quality     | 9460        | HC-EM3      | BHDMHK32    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-EM3 should not be null and should not be negative.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhdmhk32 ne null and bhdmhk32 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-E     | Quality     | 6090        | HC-EM4      | BHFNA245    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if the sum of HC-13b1 and HC-13b2 is greater than zero, then HC-EM4 should be greater than zero.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if (bhfn6631 + bhfn6636) gt 0 then bhfn6636 gt 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-E     | Quality     | 9460        | HC-EM4      | BHFNA245    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-EM4 should not be null and should not be negative.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhfn6631 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-F     | Intraseries | 6100        | HC-F1       | BHCKB556    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if HC-F1 (previous) is greater than zero, then HC-F1 (current) should be greater than zero.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if bhckb556-q2 gt 0 then bhckb556-q1 gt 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-F     | Quality     | 9460        | HC-F1       | BHCKB556    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-F1 should not be null and should not be negative.  | bhckb556 ne null and bhckb556 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-F     | Quality     | 9460        | HC-F2       | BHCK2148    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-F2 should not be null and should not be negative.  | bhck2148 ne null and bhck2148 ge 0   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-F     | Quality     | 9460        | HC-F3       | BHCKHT80    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-F3 should not be null and should not be negative.  | bhckht80 ne null and bhckht80 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-F     | Intraseries | 6130        | HC-F4       | BHCK1752    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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  | 20150331             | 99991231           | No Change   | HC-F     | Quality     | 9460        | HC-F4       | BHCK1752    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-F4 should not be null and should not be negative.  | bhck1752 ne null and bhck1752 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-F     | Quality     | 9460        | HC-F5a      | BHCKK201    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-F5a should not be null and should not be negative.   | bhckk201 ne null and bhckk201 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-F     | Quality     | 9460        | HC-F5b      | BHCKK202    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-F5b should not be null and should not be negative.   | bhckk202 ne null and bhckk202 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-F     | Quality     | 9460        | HC-F5c      | BHCKK270    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-F5c should not be null and should not be negative.   | bhckk270 ne null and bhckk270 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-F     | Quality     | 9460        | HC-F6       | BHCK2168    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-F6 should not be null and should not be negative.  | bhck2168 ne null and bhck2168 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-G     | Intraseries | 6145        | HC-G2       | BHCK3049    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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  | 20150331             | 99991231           | No Change   | HC-G     | Intraseries | 6150        | HC-G3       | BHCKB557    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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  | 20150331             | 99991231           | No Change   | HC-G     | Quality     | 1012        | HC-G4       | BHCKB984    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-P7c should be less than or equal to HC-G4.   | bhckm288 le bhckb984   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-H     | Quality     | 6160        | HC-H1       | BHCK3197    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-H1 should be greater than zero.  | bhck3197 gt 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-H     | Quality     | 6165        | HC-H2       | BHCK3296    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, H2 should be less than or equal to the sum of HC-13a2 and HC-13b2.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhck3296 le (bhdm6636 + bhfn6636)  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 9460        | HC-I()3     | BHCKB990    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-I()3 should not be null and should not be negative.  | bhckb990 ne null and bhckb990 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 9460        | HC-I()4     | BHCKB991    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-I()4 should not be null and should not be negative.  | bhckb991 ne null and bhckb991 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 6178        | HC-I()5     | BHCKC245    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-I()5 should be less than or equal to HC-I()2.  | bhckc245 le bhckc244   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 9468        | HC-I()2     | BHCKB992    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-I()2 should not be null and should not be negative.  | bhckb992 ne null and bhckb992 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 6179        | HC-I()3     | BHCKC248    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if the sum of HC-I()6 and HC-I()7 is greater than zero, then the sum of HC-I()2 and HC-I()3 should be greater than zero.                                | if (bhckc246 + bhckc250) gt 0 then (bhckc244 + bhckc248) gt 0  |

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| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 6180        | HC-I(III)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(III)3 should be greater than zero.  | if (bhckc386 + bhckc242 + bhckc243) gt 0 then (bhckc244 + bhckc248) gt 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 6181        | HC-I(III)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(III)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  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 6182        | HC-I(III)3  | BHCKC248    | If HI-Mem12c is greater than zero, then the sum of HC-I(II)2 and HC-I(III)3 should be greater than zero.  | if bhckb983 gt 0 then (bhckc244 + bhckc248) gt 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 9468        | HC-I(III)4  | BHCKB994    | HC-I(III)4 should not be null and should not be negative.   | bhckb994 ne null and bhckb994 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 6183        | HC-I(III)5  | BHCKB996    | If HC-I(II)2 is greater than zero, then HC-I(II)2 should equal HC-I(III)5. (-.5%)   | if (bhckb992 gt 0) then bhckb992 ge (bhckb996 * .95) and bhckb992 le bhckb996   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 9468        | HC-I(III)5  | BHCKB996    | HC-I(III)5 should not be null and should not be negative.   | bhckb996 ne null and bhckb996 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 6185        | HC-I(III)6  | BHCKC249    | If the sum of HI-5d4, HI-Mem12b1, and HI-Mem12b2, HC-I(II)2, HC-I(III)3, and HC-I(III)7 is greater than zero, then the sum of HC-I(II)5 and HC-I(III)6 should be greater than zero. | if (bhckc386 + bhckc242 + bhckc243 + bhckc244 + bhckc246 + bhckc248 + bhckc250) gt 0 then (bhckc245 + bhckc249) gt 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 6187        | HC-I(III)6  | BHCKC249    | If the sum of HC-I(II)6 and HC-I(III)7 is greater than zero, then the sum of HC-I(II)5 and HC-I(III)6 should be greater than zero.  | if (bhckc246 + bhckc250) gt 0 then (bhckc245 + bhckc249) gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 6188        | HC-I(III)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(III)6 should be greater than zero.   | if (bhckc386 + bhckc242 + bhckc243) gt 0 then (bhckc245 + bhckc249) gt 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 6189        | HC-I(III)6  | BHCKC249    | HC-I(III)6 should be less than or equal to HC-I(III)3.  | bhckc249 le bhckc248  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 6190        | HC-I(III)6  | BHCKC249    | If HI-Mem12c is greater than zero, then the sum of HC-I(II)5 and HC-I(III)6 should be greater than zero.  | if bhckb983 gt 0 then (bhckc245 + bhckc249) gt 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 6191        | HC-I(III)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(III)7 should be greater than zero.  | if (bhckc386 + bhckc242 + bhckc243) gt 0 then (bhckc246 + bhckc250) ne 0 or null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 6193        | HC-I(III)7  | BHCKC250    | If HI-Mem12c is greater than zero, then the sum of HC-I(II)6 and HC-I(III)7 should not equal zero or null.  | if (bhckb983 gt 0) then (bhckc246 + bhckc250) ne 0 or null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 6195        | HC-I(III)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(III)3, HC-I(III)6, and HC-I(III)7 should be greater than zero.            | if (bhckc244 + bhckc245 + bhckc246 + bhckc248 + bhckc249 + bhckc250) gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 6197        | HC-I(III)7  | BHCKC250    | If the sum of HC-I(II)2, HC-I(II)3, and HC-I(II)6 is greater than \$100k, then the sum of HC-I(II)6 and HC-I(III)7 should not equal zero or null.                                   | if (bhckc244 + bhckc245 + bhckc248 + bhckc249) gt 100 then (bhckc246 + bhckc250) ne 0 or null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-I     | Quality     | 6199        | HC-I(III)7  | BHCKC250    | If HC-I(II)6 and HC-I(III)7 are not equal to zero, then the sum of HC-I(II)6 and HC-I(III)7 should be less than HI-14.  | if (bhckc246 + bhckc250) ne 0 then (bhckc246 + bhckc250) lt bhckc4340   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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   |



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| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20160930             | 99991231           | No Change   | HC-K     | Intraseries | 0523        | HC-K2       | BHCK3365    | For BHCS, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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. | For BHCS, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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  | 20160930             | 99991231           | No Change   | HC-K     | Quality     | 0523        | HC-K2       | BHCK3365    | For BHCS, SHCs, IHCs, Non-BHC IHCs and all SLHCs, For March, if HI-1f is greater than \$50K, then HC-K2 should be greater than zero.  | For BHCS, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if (mm-q1 eq 03) and bhck4020 gt 50 then bhck3365 gt 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-K     | Quality     | 9480        | HC-K2       | BHCK3365    | For BHCS, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-K2 should not be null and should not be negative.  | For BHCS, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhck3365 ne null and bhck3365 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-K     | Quality     | 9480        | HC-K3a5a    | BHDM561     | HC-K3a5a should not be null and should not be negative.   | bhdm561 ne null and bhdm561 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-K     | Quality     | 9480        | HC-K3a5b    | BHDM562     | HC-K3a5b should not be null and should not be negative.   | bhdm562 ne null and bhdm562 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20190331             | 99991231           | Revised     | HC-K     | Quality     | 6222        | HC-K4a      | BHCK3401    | If HC-5 is greater than or equal to \$10 million in any of the four preceding quarters, then HC-K4a should be greater than zero.  | if (bhck3545-q2 ge 10000 or bhck3545-q3 ge 10000 or bhck3545-q4 ge 10000 or bhck3545-q5 ge 10000) then BHCK3401 gt 0   |
| FRY9C  | 20150331             | 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  | 20180630             | 99991231           | No Change   | HC-K     | Quality     | 9480        | HC-K4a      | BHCK3401    | If HC-K4a is greater than or equal to \$10 million in any of the four preceding quarters, then HC-K4a should not be null and should not be negative.  | if (bhck3401-q2 ge 10000 or bhck3401-q3 ge 10000 or bhck3401-q4 ge 10000 or bhck3401-q5 ge 10000) then bhck3401 ne null and bhck3401 ge 0                    |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-K     | Quality     | 6240        | HC-K5       | BHCK3368    | HC-K5 should not equal HC-12.   | bhck3368 ne bhck2170   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-K     | Intraseries | 0527        | HC-K6       | BHCK3517    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckhk03-q1 + bhckhk04-q1 + bhck6761-q1) - (bhckhk03-q2 + bhckhk04-q2 + bhck6761-q2) gt 50 then bhck3517-q1 gt 0 |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-K     | Quality     | 0527        | HC-K6       | BHCK3517    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if (mm-q1 eq 03) and (bhckhk03 + bhckhk04 + bhck6761) gt 50 then bhck3517 gt 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-K     | Quality     | 6256        | HC-K6       | BHCK3517    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if HC-K6 is greater than \$1M, then HC-K6 should not equal HC-13a2.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if bhck3517 gt 1000 then bhck3517 ne bhdm6636  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-K     | Quality     | 9480        | HC-K6       | BHCK3517    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-K6 should not be null and should not be negative.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhck3517 ne null and bhck3517 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-K     | Intraseries | 0528        | HC-K7       | BHCK3404    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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  | 20160930             | 99991231           | No Change   | HC-K     | Quality     | 0528        | HC-K7       | BHCK3404    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, For March, if HI-2a2 is greater than \$20K, then HC-K7 should be greater than zero.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if (mm-q1 eq 03) and bhck4172 gt 20 then bhck3404 gt 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-K     | Quality     | 6275        | HC-K7       | BHCK3404    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if HC-K7 is greater than \$1M, then HC-K7 should not equal HC-13b2.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if bhck3404 gt 1000 then bhck3404 ne bhfm6636  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-K     | Quality     | 9480        | HC-K7       | BHCK3404    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-K7 should not be null and should not be negative.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhck3404 ne null and bhck3404 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-K     | Intraseries | 0529        | HC-K8       | BHCK3353    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, 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  | 20160930             | 99991231           | No Change   | HC-K     | Quality     | 0529        | HC-K8       | BHCK3353    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, For March, if HI-2b is greater than \$50K, then HC-K8 should be greater than zero.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if (mm-q1 eq 03) and bhck4180 gt 50 then bhck3353 gt 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-K     | Quality     | 9480        | HC-K8       | BHCK3353    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-K8 should not be null and should not be negative.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhck3353 ne null and bhck3353 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  |

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| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-L     | Quality     | 9480        | HC-L1b1     | BHCKJ455    | For June and December reporting periods, HC-L1b1 should not be null and should not be negative.   | if (mm-q1 eq 06 or mm-q1 eq 12) then bhckj455 ne null and bhckj455 ge 0   |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-L     | Quality     | 9480        | HC-L1b2     | BHCKJ456    | For June and December reporting periods, HC-L1b2 should not be null and should not be negative.   | if (mm-q1 eq 06 or mm-q1 eq 12) then bhckj456 ne null and bhckj456 ge 0   |
| FRY9C  | 20150331             | 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  |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 9470        | HC-L2a      | BHCK3820    | HC-L2a should not be negative.  | bhck3820 ge 0 or bhck3820 eq null   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 9470        | HC-L3a      | BHCK3822    | HC-L3a should not be negative.  | bhck3822 ge 0 or bhck3822 eq null   |
| FRY9C  | 20150331             | 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  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-L     | Intraseries | 6313        | HC-L6a      | 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-L6a (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  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L6a      | BHCK3433    | HC-L6a should not be null and should not be negative.   | bhck3433 ne null and bhck3433 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7a1A    | BHCK968     | HC-L7a1A should not be null and should not be negative.   | bhck968 ne null and bhck968 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7a1B    | BHCK969     | HC-L7a1B should not be null and should not be negative.   | bhck969 ne null and bhck969 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7a2A    | BHCK970     | HC-L7a2A should not be null and should not be negative.   | bhck970 ne null and bhck970 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7a2B    | BHCK971     | HC-L7a2B should not be null and should not be negative.   | bhck971 ne null and bhck971 ge 0  |

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| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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) + bhckc975-q1)) |
| FRY9C  | 20150331             | 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  | 20150331             | 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) + bhckc975-q1)) |
| FRY9C  | 20150331             | 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  | 20160930             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7c1a    | BHCKG401    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-L7c1a should not be null and should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg401 ne null and bhckg401 ge 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7c1b    | BHCKG402    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-L7c1b should not be null and should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg402 ne null and bhckg402 ge 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7c2a    | BHCKG403    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-L7c2a should not be null and should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg403 ne null and bhckg403 ge 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7c2b    | BHCKG404    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-L7c2b should not be null and should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg404 ne null and bhckg404 ge 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L7c2c    | BHCKG405    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-L7c2c should not be null and should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg405 ne null and bhckg405 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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   |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | TargetItem | MDRM Number | Edit Test   | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|------------|-------------|---|---|
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 6320        | HC-L9      | BHCK3430    | HC-L9 divided by HC-L12 should not exceed tolerance of 10%  | (bhck3430/bhck2170) * 100 le 10   |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-L     | Intraseries | 6326        | HC-L9a     | BHCK3434    | If the sum of HC-L9a (previous) through HC-L9f (previous) is greater than zero, and 25 percent of HC-L9a (current) exceeds \$5M, then the sum of HC-L9a (current) through HC-L9f (current) should be greater than zero. | if (bhck3434-q2 + bhck3435-q2 + bhck6561-q2 + bhck6562-q2 + bhck6568-q2 + bhck6586-q2) gt 0 and (bhck3210-q1 * .25) gt 5000 then (bhck3434-q1 + bhck3435-q1 + bhck6561-q1 + bhck6562-q1 + bhck6568-q1 + bhck6586-q1) gt 0 |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L6b     | BHCK3432    | HC-L6b should not be null and should not be negative.   | bhck3432 ne null and bhck3432 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L9a     | BHCK3434    | HC-L9a should not be null and should not be negative.   | bhck3434 ne null and bhck3434 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L9b     | BHCK3435    | HC-L9b should not be null and should not be negative.   | bhck3435 ne null and bhck3435 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 6330        | HC-L9c     | 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  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L9c     | BHCK6561    | HC-L9c should not be null and should not be negative.   | bhck6561 ne null and bhck6561 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 6331        | HC-L9cTX   | 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  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 6332        | HC-L9d     | 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  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L9d     | BHCK6562    | HC-L9d should not be null and should not be negative.   | bhck6562 ne null and bhck6562 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 6333        | HC-L9dTX   | 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  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 6334        | HC-L9e     | 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  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L9e     | BHCK6568    | HC-L9e should not be null and should not be negative.   | bhck6568 ne null and bhck6568 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 6335        | HC-L9eTX   | 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  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 6336        | HC-L9f     | 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  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 9480        | HC-L9f     | BHCK6586    | HC-L9f should not be null and should not be negative.   | bhck6586 ne null and bhck6586 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-L     | Quality     | 6337        | HC-L9fTX   | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  |



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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | TargetItem | MDRM Number | Edit Test   | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|------------|-------------|---|--|
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20180630             | 99991231           | No Change   | HC-L     | Quality     | 6360        | HC-L12D    | BHCK8724    | If the sum of HC-D11 and HC-D14 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  | 20150331             | 99991231           | No Change   | 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 |

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| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | TargetItem | MDRM Number | Edit Test   | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|------------|-------------|---|---|
| FRY9C  | 20180930             | 99991231           | No Change   | 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  | 20180930             | 99991231           | No Change   | 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  | 20180930             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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 |
| FRY9C  | 20180930             | 99991231           | No Change   | HC-L     | Intraseries | 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  | 20180930             | 99991231           | No Change   | HC-L     | Intraseries | 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  | 20180930             | 99991231           | No Change   | HC-L     | Intraseries | 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 bhckg427 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-L     | Intraseries | 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  | 20180930             | 99991231           | No Change   | HC-L     | Intraseries | 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  | 20180930             | 99991231           | No Change   | HC-L     | Intraseries | 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 |

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| FRY9C  | 20180930             | 99991231           | No Change   | HC-L     | Intraseries | 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  | 20150331             | 99991231           | No Change   | HC-L     | Intraseries | 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  | 20180930             | 99991231           | No Change   | 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  | 20180930             | 99991231           | No Change   | 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  | 20180930             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20180930             | 99991231           | No Change   | 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  | 20180930             | 99991231           | No Change   | 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  | 20180930             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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 |

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| FRY9C  | 20180930             | 99991231           | No Change   | 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 |
| FRY9C  | 20180930             | 99991231           | No Change   | 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  | 20180930             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20180930             | 99991231           | No Change   | 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  | 20180930             | 99991231           | No Change   | 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  | 20180930             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20180930             | 99991231           | No Change   | 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  | 20180930             | 99991231           | No Change   | 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  | 20180930             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20160930             | 99991231           | No Change   | HC-M     | Quality     | 9480        | HC-M2      | BHCK6555    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-M2 should not be null and should not be negative. | bhck6555 ne null and bhck6555 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-M     | Quality     | 9480        | HC-M3      | BHCK6556    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-M3 should not be null and should not be negative. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhck6556 ne null and bhck6556 ge 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 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 bhck288 gt 0 then ((bhck288 ne bhckb989) and (bhck288 ne bhckb995))   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Quality     | 9480        | HC-M5      | BHCKA288    | HC-M5 should not be null and should not be negative.   | bhck288 ne null and bhck288 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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   |



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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|--|
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Quality     | 9480        | HC-M6d      | BHCK462     | HC-M6d should not be null and should not be negative.  | bhckj462 ne null and bhckj462 ge 0   |
| FRY9C  | 20180930             | 99991231           | No Change   | HC-M     | Quality     | 9480        | HC-M7a      | BHCKK193    | For December, HC-M7a should not be null and should not be negative.  | if (mm-q1 eq 12) then bhckk193 ne null and bhckk193 ge 0   |
| FRY9C  | 20180930             | 99991231           | No Change   | HC-M     | Quality     | 9480        | HC-M7b      | BHCKK194    | For December, HC-M7b should not be null and should not be negative.  | if (mm-q1 eq 12) then bhckk194 ne null and bhckk194 ge 0   |
| FRY9C  | 20150331             | 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) and HC-M8 should not equal null.   | 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 and bhckc251 ne null   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20180930             | 99991231           | No Change   | HC-M     | Quality     | 9490        | HC-M12c     | BHCKJF76    | HC-M12c should not be null.  | bhckjf76 ne null   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-M     | Quality     | 9500        | HC-M12d     | BHCT2143    | HC-M12d should not be null and should not be negative.   | bhct2143 ne null and bhct2143 ge 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-M     | Intraseries | 6545        | HC-M15      | BHCKB569    | If previous year June HC-12 is greater than or equal to \$1 billion and HC-M15 equals 1 (yes) and the sum of 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 bhck8431 gt 0 |
| FRY9C  | 20150331             | 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) and HC-M15 should not equal null.  | if (mm-q1 eq 03 and bhck8431 gt 10) then bhckb569 eq 1 and bhckb569 ne null  |
| FRY9C  | 20150331             | 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) and HC-M15 should not equal null.  | 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 and bhckb569 ne null   |
| FRY9C  | 20150331             | 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) and HC-M15 should not be null.  | if (bhckb569-q2 eq 1) then ( bhckb569-q1 eq 1) and bhckb569 ne null  |
| FRY9C  | 20150331             | 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  | 20150331             | 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)  |

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| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M17      | BHCKC161    | HC-M17 should not be negative.  | bhckc161 ge 0 or bhckc161 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M18      | BHCKC159    | HC-M18 should not be negative.  | bhckc159 ge 0 or bhckc159 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M19a     | BHCKC700    | HC-M19a should not be negative.   | bhckc700 ge 0 or bhckc700 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M19b     | BHCKC701    | HC-M19b should not be negative.   | bhckc701 ge 0 or bhckc701 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M20a     | BHCKC252    | HC-M20a should not be negative.   | bhckc252 ge 0 or bhckc252 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M20b1    | BHCK4832    | HC-M20b1 should not be negative.  | bhck4832 ge 0 or bhck4832 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M20b2    | BHCK4833    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-M20b2 should not be negative.  | bhck4833 ge 0 or bhck4833 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M20b3    | BHCK4834    | HC-M20b3 should not be negative.  | bhck4834 ge 0 or bhck4834 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M20c1    | BHCK5041    | HC-M20c1 should not be negative.  | bhck5041 ge 0 or bhck5041 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M20c2    | BHCK5043    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-M20c2 should not be negative.  | bhck5043 ge 0 or bhck5043 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M20c3    | BHCK5045    | HC-M20c3 should not be negative.  | bhck5045 ge 0 or bhck5045 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Quality     | 9510        | HC-M20d     | BHCK5047    | HC-M20d should not be negative.   | bhck5047 ge 0 or bhck5047 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-M     | Quality     | 6562        | HC-M21      | BHCKC253    | HC-M21 should not be negative.  | bhckc253 ge 0 or bhckc253 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-M     | Quality     | 9520        | HC-M23a     | BHCKF064    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-M23a should be less than or equal to HC-14a.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhckf064 le bhdm993   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-M     | Quality     | 6564        | HC-M23b     | BHCKF065    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, HC-M23b should not be null and should be negative.  | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, bhckf065 le bhct3190  |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 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-N1a1B (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  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Intraseries | 6736        | HC-N1a1C    | BHCKF176    | For June and December reporting periods, if HC-N1a1C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhckf176-q1 - bhckf176-q2) gt 0 then bhckc410-q1 gt 0  |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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 (current) is greater than \$1 million and HC-N1a2A (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) |

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| FRY9C  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Intraseries | 0139        | HC-N1a2C    | BHCKF177    | For June and December reporting periods, if HC-N1a2C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhckf177-q1 - bhckf177-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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-C1b8 (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 (bhdmi1420-q1 gt 0) then (bhck3493-q1 + bhck3494-q1) gt 0 |
| FRY9C  | 20150331             | 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   |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-N     | Intraseries | 6737        | HC-N1bC     | BHCK3495    | For June and December reporting periods, if HC-N1bC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhck3495-q1 - bhck3495-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 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-C1c1B (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 (bhdmi1797-q1 gt 0) then (bhck5398-q1 + bhck5399-q1) gt 0 |
| FRY9C  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Intraseries | 6738        | HC-N1c1C    | BHCK5400    | For June and December reporting periods, if HC-N1c1C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhck5400-q1 - bhck5400-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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-C1c2aB (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 (bhdms367-q1 gt 0) then (bhckc236-q1 + bhckc237-q1) gt 0  |
| FRY9C  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Intraseries | 6739        | HC-N1c2aC   | BHCKC229    | For June and December reporting periods, if HC-N1c2aC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhckc229-q1 - bhckc229-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20150331             | 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   |

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| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-N     | Intraserries | 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 (bhdms368-q1 gt 0) then ((bhckc238-q1 + bhckc239-q1) gt 0)  |
| FRY9C  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Intraserries | 6741        | HC-N1c2bC   | BHCKC230    | For June and December reporting periods, if HC-N1c2bC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhckc230-q1 - bhckc230-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 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   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Intraserries | 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-N1dB (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 (bhdms1460-q1 gt 0) then ((bhck3499-q1 + bhck3500-q1) gt 0) |
| FRY9C  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Intraserries | 6742        | HC-N1dC     | BHCK3501    | For June and December reporting periods, if HC-N1dC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhck3501-q1 - bhck3501-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-N     | Intraserries | 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-N1e1B (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 (bhckf180-q1 gt 0) then ((bhckf178-q1 + bhckf180-q1) gt 0)  |
| FRY9C  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Intraserries | 6743        | HC-N1e1C    | BHCKF182    | For June and December reporting periods, if HC-N1e1C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhckf182-q1 - bhckf182-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 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   |

Quality (Q) and Intraseries (!) Edits for the FRY-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  | 20150331             | 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  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Intraseries | 0140        | HC-N1e2C    | BHCKF183    | For June and December reporting periods, if HC-N1e2C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhckf183-q1 - bhckf183-q2) gt 0 then bhckc410-q1 gt 0  |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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) |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Intraseries | 6745        | HC-N2aC     | BHCK5379    | For June and December reporting periods, if HC-N2aC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhck5379-q1 - bhck5379-q2) gt 0 then bhckc410-q1 gt 0  |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  |



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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  | 20190331             | 99991231           | Revised     | HC-N     | Intraserries | 6746        | HC-N2bC     | BHCK5382    | For June and December reporting periods, if HC-N2bC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhck5382-q1 - bhck5382-q2) gt 0 then bhckc410-q1 gt 0  |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-N     | Intraserries | 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 (bhck1590-q1 gt 0) then ((bhck1594-q1 + bhck1597-q1) gt 0)   |
| FRY9C  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Intraserries | 6747        | HC-N3C      | BHCK1583    | For June and December reporting periods, if HC-N3C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhck1583-q1 - bhck1583-q2) gt 0 then bhckc410-q1 gt 0  |
| FRY9C  | 20150331             | 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  |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-N     | Intraserries | 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-C4B (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 (bhdmi1766-q1 gt 0) then ((bhck1606-q1 + bhck1607-q1) gt 0) |
| FRY9C  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Intraserries | 6748        | HC-N4C      | BHCK1608    | For June and December reporting periods, if HC-N4C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhck1608-q1 - bhck1608-q2) gt 0 then bhckc410-q1 gt 0  |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-N     | Intraserries | 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-C6aA (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  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Intraserries | 6749        | HC-N5aC     | BHCKB577    | For June and December reporting periods, if HC-N5aC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhckb577-q1 - bhckb577-q2) gt 0 then bhckc410-q1 gt 0  |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Intraserries | 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-C6aA (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 (bhckk137-q1 gt 0) then ((bhckk213-q1 + bhckk214-q1) gt 0)   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  |

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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  | 20190331             | 99991231           | Revised     | HC-N     | Intraseries | 6751        | HC-N5bC     | BHCKK215    | For June and December reporting periods, if HC-N5bC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhckk215-q1 - bhckk215-q2) gt 0 then bhckk410-q1 gt 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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 ((bhckk539-q1 + bhckk207-q1) gt 0) then ((bhckk216-q1 + bhckk217-q1) gt 0)   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20190331             | 99991231           | Revised     | HC-N     | Intraseries | 0416        | HC-N5cC     | BHCKK218    | For June and December reporting periods, if HC-N5cC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhckk218-q1 - bhckk218-q2) gt 0 then bhckk410-q1 gt 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Intraseries | 6752        | HC-N6C      | BHCK5391    | For June and December reporting periods, if HC-N6C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhck5391-q1 - bhck5391-q2) gt 0 then bhckk410-q1 gt 0  |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Quality     | 1003        | HC-N7A      | BHCK5459    | For June and December reporting periods, HC-NM9bA should be less than or equal to the sum of HC-N1a1A through HC-N7A.   | if (mm-q1 eq 06 or mm-q1 eq 12) then bhck1186 le (bhckf172 + bhckf173 + bhck3493 + bhck5398 + bhckc236 + bhckc238 + bhck3499 + bhckf178 + bhckf179 + bhckb572 + bhck5377 + bhck5380 + bhck1594 + bhck1606 + bhckb575 + bhckk213 + bhckk216 - bhck5389 + bhck5459) |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Quality     | 1004        | HC-N7B      | BHCK5460    | For June and December reporting periods, HC-NM9bB should be less than or equal to the sum of HC-N1a1B through HC-N7B.   | if (mm-q1 eq 06 or mm-q1 eq 12) then bhck1187 le (bhckf174 + bhckf175 + bhck3494 + bhck5399 + bhckc237 + bhckc239 + bhck3500 + bhckf180 + bhckf181 + bhckb573 + bhck5378 + bhck5381 + bhck1597 + bhck1607 + bhckb576 + bhckk214 + bhckk217 + bhck5390 + bhck5460) |

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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  | 20190331             | 99991231           | Revised     | HC-N     | Intraseries | 6753        | HC-N7C      | BHCK5461    | For June and December reporting periods, if HC-N7C (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhck5461-q1 - bhck5461-q2) gt 0 then bhck410-q1 gt 0  |
| FRY9C  | 20150331             | 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   |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-N     | Quality     | 1005        | HC-N7C      | BHCK5461    | For June and December reporting periods, HC-NM9BC should be less than or equal to the sum of HC-N1a1C through HC-N7C.   | if (mm-q1 eq 06 or mm-q1 eq 12) then bhck188 le (bhckf176 + bhckf177 + bhck3495 + bhck5400 + bhckc229 + bhckc230 + bhck3501 + bhckf182 + bhckf183 + bhckb574 + bhck5379 + bhck5382 + bhck1583 + bhck1608 + bhckb577 + bhckk215 + bhckk218 + bhck5391 + bhck5461) |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Intraseries | 6754        | HC-N8aC     | BHCKF168    | For June and December reporting periods, if HC-N8aC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhckf168-q1 - bhckf168-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20190331             | 99991231           | Revised     | HC-N     | Intraseries | 6755        | HC-N8bC     | BHCKF171    | For June and December reporting periods, if HC-N8bC (current minus previous) is greater than zero, then HC-NM7 (current) should be greater than zero.   | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhckf171-q1 - bhckf171-q2) gt 0 then bhckc410-q1 gt 0   |
| FRY9C  | 20150331             | 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  | 20180331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N9A      | BHCK1406    | HC-N9A should not be null and should not be negative.   | bhck1406 ne null and bhck1406 ge 0   |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N9B      | BHCK1407    | HC-N9B should not be null and should not be negative.   | bhck1407 ne null and bhck1407 ge 0   |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N9C      | BHCK1403    | HC-N9C should not be null and should not be negative.   | bhck1403 ne null and bhck1403 ge 0   |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Quality     | 6663        | HC-N10A     | BHCK3505    | If HC-N10A is greater than zero, then HC-N9A should not equal HC-N10A.  | if bhck3505 gt 0 then bhck1406 ne bhck3505   |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N10A     | BHCK3505    | HC-N10A should not be null and should not be negative.  | bhck3505 ne null and bhck3505 ge 0   |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Quality     | 6664        | HC-N10B     | BHCK3506    | If HC-N10B is greater than zero, then HC-N9B should not equal HC-N10B.  | if bhck3506 gt 0 then bhck1407 ne bhck3506   |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N10B     | BHCK3506    | HC-N10B should not be null and should not be negative.  | bhck3506 ne null and bhck3506 ge 0   |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Quality     | 6666        | HC-N10C     | BHCK3507    | If HC-N10C is greater than zero, then HC-N9C should not equal HC-N10C.  | if bhck3507 gt 0 then bhck1403 ne bhck3507   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Intraseries | 6667        | HC-N10C     | BHCK3507    | If HC-N10C (previous) is greater than or equal to \$500 thousand, then HC-N10C (current) should be greater than 0.  | if (bhck3507-q2 ge 500) then (bhck3507-q1 gt 0)  |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-N     | Intraseries | 6756        | HC-N10C     | BHCK3507    | For June and December reporting periods, if HC-N10C (current minus previous) is greater than zero, then HC-N10C (current) should be greater than zero.  | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhck3507-q1 - bhck3507-q2) gt 0 then bhckc410-q1 gt 0                               |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N10C     | BHCK3507    | HC-N10C should not be null and should not be negative.  | bhck3507 ne null and bhck3507 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N12a1aA  | BHDMK045    | HC-N12a1aA should not be null and should not be negative.   | bhdmk045 ne null and bhdmk045 ge 0   |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Intraseries | 0435        | HC-N12a1aB  | BHDMK046    | If HC-N12a1aA (previous) is greater than zero and HC-N12a1aB (previous) is greater than zero and the sum of HC-N12a1aA (previous) and HC-N12a1aB (previous) is greater than \$1 million, then the sum of HC-N12a1aA (current) and HC-N12a1aB (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  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N12a1aB  | BHDMK046    | HC-N12a1aB should not be null and should not be negative.   | bhdmk046 ne null and bhdmk046 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N12a1aC  | BHDMK047    | HC-N12a1aC should not be null and should not be negative.   | bhdmk047 ne null and bhdmk047 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N12a1aB  | BHDMK048    | HC-N12a1aB should not be null and should not be negative.   | bhdmk048 ne null and bhdmk048 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Intraseries | 0436        | HC-N12a1bB  | BHDMK049    | If HC-N12a1bA (previous) is greater than zero and HC-N12a1bB (previous) is greater than zero and the sum of HC-N12a1bA (previous) and HC-N12a1bB (previous) is greater than \$1 million, then the sum of HC-N12a1bA (current) and HC-N12a1bB (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  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N12a1bB  | BHDMK049    | HC-N12a1bB should not be null and should not be negative.   | bhdmk049 ne null and bhdmk049 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N12a1bC  | BHDMK050    | HC-N12a1bC should not be null and should not be negative.   | bhdmk050 ne null and bhdmk050 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N12a3aA  | BHDMK054    | HC-N12a3aA should not be null and should not be negative.   | bhdmk054 ne null and bhdmk054 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Intraseries | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Intraseries | 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 |



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| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Intraseries | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Intraseries | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N12a5A   | BHDMK066    | HC-N12a5A should not be null and should not be negative.  | bhdmk066 ne null and bhdmk066 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Intraseries | 0442        | HC-N12a5B   | BHDMK067    | If HC-N12a5A (previous) is greater than zero and HC-N12a5B (previous) is greater than zero and the sum of HC-N12a5A (previous) and HC-N12a5B (previous) is greater than \$1 million, then the sum of HC-N12a5A (current) and HC-N12a5B (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 |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N12a5B   | BHDMK067    | HC-N12a5B should not be null and should not be negative.  | bhdmk067 ne null and bhdmk067 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-N12a5C   | BHDMK068    | HC-N12a5C should not be null and should not be negative.  | bhdmk068 ne null and bhdmk068 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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   |

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| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Intraserics | 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   |
| FRY9C  | 20180331             | 99991231           | No Change   | 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 + bhckk088) ne 0 then (bhckk103 / (bhdmk046 + bhdmk049 + bhdmk052 + bhdmk055 + bhdmk058 + bhdmk061 + bhdmk064 + bhdmk067 + bhdmk070 + bhckk088) * 100) ge 80 and (bhckk103 / (bhdmk046 + bhdmk049 + bhdmk052 + bhdmk055 + bhdmk058 + bhdmk061 + bhdmk064 + bhdmk067 + bhdmk070 + bhckk088) * 100) le 95 |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20180331             | 99991231           | No Change   | 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 + bhckk087) gt 0 then bhckk102 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20180331             | 99991231           | No Change   | 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 + bhckk088) gt 0 then bhckk103 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20180331             | 99991231           | No Change   | 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 + bhckk089) gt 0 then bhckk104 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Intraserics | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 0405        | HC-NM1a1C   | BHDMK107    | If the sum of HC-NM1a1A through HC-NM1a1C is greater than zero, then HC-NM1a1 should not equal the sum of HC-NM1a1A through HC-NM1a1C.  | if (bhdmk105 + bhdmk106 + bhdmk107) gt 0 then (bhdmk158 ne (bhdmk105 + bhdmk106 + bhdmk107))   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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   |

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| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Intraserries | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Quality      | 0406        | HC-NM1a2C   | BHDMK110    | If the sum of HC-NM1a2A through HC-NM1a2C is greater than zero, then HC-NM1a2 should not equal the sum of HC-NM1a2A through HC-NM1a2C.  | if (bhdmk108 + bhdmk109 + bhdmk110) gt 0 then (bhdmk109 ne (bhdmk108 + bhdmk109 + bhdmk110))                             |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Intraserries | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Quality      | 0144        | HC-NM1bC    | BHCKF663    | If the sum of HC-NM1bA through HC-NM1bC is greater than zero, then HC-NM1b should not equal the sum of HC-NM1bA through HC-NM1bC.   | if (bhckf661 + bhckf662 + bhckf663) gt 0 then (bhdmf576 ne (bhckf661 + bhckf662 + bhckf663))                             |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Intraserries | 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  | 20150331             | 99991231           | No Change   | 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   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality      | 0407        | HC-NM1cC    | BHDMK113    | If the sum of HC-NM1cA through HC-NM1cC is greater than zero, then HC-NM1c should not equal the sum of HC-NM1cA through HC-NM1cC.   | if (bhdmk111 + bhdmk112 + bhdmk113) gt 0 then (bhdmk160 ne (bhdmk111 + bhdmk112 + bhdmk113))                             |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Intraserries | 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  | 20150331             | 99991231           | No Change   | 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   |

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| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 0411        | HC-NM1e2C   | BHCKK125    | If the sum of HC-NM1e2A through HC-NM1e2C is greater than zero, then HC-CM1e2 should not equal the sum of HC-NM1e2A through HC-NM1e2C.  | if (bhckk123 + bhckk124 + bhckk125) gt 0 then (bhckk164 ne (bhckk123 + bhckk124 + bhckk125))                             |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM1f1A   | BHCKK126    | HC-NM1f1A should not be null and should not be negative.  | bhckk126 ne null and bhckk126 ge 0   |

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|--------|----------------------|--------------------|-------------|----------|--------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Intraserries | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Quality      | 6700        | HC-NM1fC    | BHCKK128    | If the sum of HC-NM1fA through HC-NM1fC is greater than zero, then HC-CM1f should not equal the sum of HC-NM1fA through HC-NM1fC.   | if (bhckk126 + bhckk127 + bhckk128) gt 0 then (bhckk165 ne (bhckk126 + bhckk127 + bhckk128))                             |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-N     | Quality      | 9520        | HC-NM1fA    | BHDMK130    | HC-NM1fA should not be null and should not be negative.   | bhdmk130 ne null and bhdmk130 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Intraserries | 0462        | HC-NM1fB    | BHDMK131    | 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 (bhdmk130-q2 gt 0 and bhdmk131-q2 gt 0) and (bhdmk130-q2 + bhdmk131-q2) gt 1000 then (bhdmk130-q1 + bhdmk131-q1) gt 0 |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality      | 9520        | HC-NM1fB    | BHDMK131    | HC-NM1fB should not be null and should not be negative.   | bhdmk131 ne null and bhdmk131 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality      | 0466        | HC-NM1fC    | BHDMK132    | If the sum of HC-NM1fA through HC-NM1fC is greater than zero, then HC-CM1f should not equal the sum of HC-NM1fA through HC-NM1fC.   | if (bhdmk130 + bhdmk131 + bhdmk132) gt 0 then (bhdmk166 ne (bhdmk130 + bhdmk131 + bhdmk132))                             |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality      | 9520        | HC-NM1fC    | BHDMK132    | HC-NM1fC should not be null and should not be negative.   | bhdmk132 ne null and bhdmk132 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Quality      | 9520        | HC-NM1fA    | BHCKK138    | HC-NM1fA should not be null and should not be negative.   | bhckk138 ne null and bhckk138 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Intraserries | 0464        | HC-NM1fB    | BHCKK139    | 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 (bhckk138-q2 gt 0 and bhckk139-q2 gt 0) and (bhckk138-q2 + bhckk139-q2) gt 1000 then (bhckk138-q1 + bhckk139-q1) gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Quality      | 9520        | HC-NM1fB    | BHCKK139    | HC-NM1fB should not be null and should not be negative.   | bhckk139 ne null and bhckk139 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Quality      | 0468        | HC-NM1fC    | BHCKK140    | If the sum of HC-NM1fA through HC-NM1fC is greater than zero, then HC-CM1f2 should not equal the sum of HC-NM1fA through HC-NM1fC.  | if (bhckk138 + bhckk139 + bhckk140) gt 0 then (bhckk168 ne (bhckk138 + bhckk139 + bhckk140))                             |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Quality      | 9520        | HC-NM1fC    | BHCKK140    | HC-NM1fC should not be null and should not be negative.   | bhckk140 ne null and bhckk140 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Quality      | 9520        | HC-NM1fA    | BHCKK274    | HC-NM1fA should not be null and should not be negative.   | bhckk274 ne null and bhckk274 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Intraserries | 0465        | HC-NM1f3aB  | BHCKK275    | If HC-NM1f3aA (previous) is greater than zero and HC-NM1f3aB (previous) is greater than zero and the sum of HC-NM1f3aA (previous) and HC-NM1f3aB (previous) is greater than \$1 million, then the sum of HC-NM1f3aA (current) and HC-NM1f3aB (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  | 20160930             | 99991231           | No Change   | HC-N     | Quality      | 9520        | HC-NM1f3aB  | BHCKK275    | HC-NM1f3aB should not be null and should not be negative.   | bhckk275 ne null and bhckk275 ge 0   |



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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Quality     | 0481        | HC-NM1f3aC  | BHCKK276    | If the sum of HC-NM1f3aA through HC-NM1f3aC is greater than zero, then HC-CM1f3a should not equal the sum of HC-NM1f3aA through HC-NM1f3aC.   | if (bhckk274 + bhckk275 + bhckk276) gt 0 then (bhckk098 ne (bhckk274 + bhckk275 + bhckk276))  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM1f3aC  | BHCKK276    | HC-NM1f3aC should not be null and should not be negative.   | bhckk276 ne null and bhckk276 ge 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM1f3bA  | BHCKK277    | HC-NM1f3bA should not be null and should not be negative.   | bhckk277 ne null and bhckk277 ge 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Intraseries | 0466        | HC-NM1f3bB  | BHCKK278    | If HC-NM1f3bA (previous) is greater than zero and HC-NM1f3bB (previous) is greater than zero and the sum of HC-NM1f3bA (previous) and HC-NM1f3bB (previous) is greater than \$1 million, then the sum of HC-NM1f3bA (current) and HC-NM1f3bB (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  | 20160930             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM1f3bB  | BHCKK278    | HC-NM1f3bB should not be null and should not be negative.   | bhckk278 ne null and bhckk278 ge 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Quality     | 0469        | HC-NM1f3bC  | BHCKK279    | If the sum of HC-NM1f3bA through HC-NM1f3bC is greater than zero, then HC-CM1f3b should not equal the sum of HC-NM1f3bA through HC-NM1f3bC.   | if (bhckk277 + bhckk278 + bhckk279) gt 0 then (bhckk203 ne (bhckk277 + bhckk278 + bhckk279))  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM1f3bC  | BHCKK279    | HC-NM1f3bC should not be null and should not be negative.   | bhckk279 ne null and bhckk279 ge 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM1f3cA  | BHCKK280    | HC-NM1f3cA should not be null and should not be negative.   | bhckk280 ne null and bhckk280 ge 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Intraseries | 0467        | HC-NM1f3cB  | BHCKK281    | If HC-NM1f3cA (previous) is greater than zero and HC-NM1f3cB (previous) is greater than zero and the sum of HC-NM1f3cA (previous) and HC-NM1f3cB (previous) is greater than \$1 million, then the sum of HC-NM1f3cA (current) and HC-NM1f3cB (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  | 20160930             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM1f3cB  | BHCKK281    | HC-NM1f3cB should not be null and should not be negative.   | bhckk281 ne null and bhckk281 ge 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Quality     | 0470        | HC-NM1f3cC  | BHCKK282    | If the sum of HC-NM1f3cA through HC-NM1f3cC is greater than zero, then HC-CM1f3c should not equal the sum of HC-NM1f3cA through HC-NM1f3cC.   | if (bhckk280 + bhckk281 + bhckk282) gt 0 then (bhckk204 ne (bhckk280 + bhckk281 + bhckk282))  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM1f3cC  | BHCKK282    | HC-NM1f3cC should not be null and should not be negative.   | bhckk282 ne null and bhckk282 ge 0  |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM1gA    | BHCKHK26    | HC-NM1gA should not be null and should not be negative.   | bhckhk26 ne null and bhckhk26 ge 0  |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM1gB    | BHCKHK27    | HC-NM1gB should not be null and should not be negative.   | bhckhk27 ne null and bhckhk27 ge 0  |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM1gC    | BHCKHK28    | HC-NM1gC should not be null and should not be negative.   | bhckhk28 ne null and bhckhk28 ge 0  |
| FRY9C  | 20150331             | 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  | 20150331             | 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-CM2 (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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM5aA    | BHCK240     | HC-NM5aA should not be null and should not be negative.  | bhck240 ne null and bhck240 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Intraseries | 6725        | HC-NM5aB    | BHCK241     | 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 (bhck240-q2 gt 0 and bhck241-q2 gt 0) and (bhck240-q2 + bhck241-q2) gt 1000 and (bhck5369-q1 gt 0) then (bhck240-q1 + bhck241-q1) gt 0 |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM5aB    | BHCK241     | HC-NM5aB should not be null and should not be negative.  | bhck241 ne null and bhck241 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 9520        | HC-NM5aC    | BHCK226     | HC-NM5aC should not be null and should not be negative.  | bhck226 ne null and bhck226 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 9530        | HC-NM6A     | BHCK3529    | HC-NM6A should not be negative.  | bhck3529 ge 0 or bhck3529 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 9530        | HC-NM6B     | BHCK3530    | HC-NM6B should not be negative.  | bhck3530 ge 0 or bhck3530 eq null   |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-N     | Intraseries | 6757        | HC-NM7      | BHCK410     | For June and December reporting periods, if HC-N9C (current minus previous) is greater than zero, then HC-NM7 should be greater than or equal to HC-N9C (current minus previous).  | if (mm-q1 eq 06 or mm-q1 eq 12) and (bhck1403-q1 - bhck1403-q2) gt 0 then bhck410 ge (bhck1403-q1 - bhck1403-q2)                          |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-N     | Quality     | 9540        | HC-NM7      | BHCK410     | For June and December reporting periods, HC-NM7 should not be null and should not be negative.   | if (mm-q1 eq 06 or mm-q1 eq 12) then bhck410 ne null and bhck410 ge 0   |
| FRY9C  | 20190331             | 99991231           | Revised     | HC-N     | Quality     | 9540        | HC-NM8      | BHCK411     | For June and December reporting periods, HC-NM8 should not be null and should not be negative.   | if (mm-q1 eq 06 or mm-q1 eq 12) then bhck411 ne null and bhck411 ge 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Quality     | 1009        | HC-NM9aC    | BHCK1185    | HC-CM5a should be greater than or equal to the sum of HC-NM9aA, HC-NM9aB, and HC-NM9aC.  | bhck779 ge (bhck1183 + bhck1184 + bhck1185)   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 1000        | HC-NM9aA    | BHCK1186    | HC-NM9aA should be greater than or equal to HC-NM9aB.  | bhck1183 ge bhck1186  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 1006        | HC-NM9aA    | BHCK1186    | If HC-NM9aA is greater than 0, then HC-NM9aA should be greater than 0.   | if bhck1183 gt 0 then bhck1186 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 1001        | HC-NM9aB    | BHCK1187    | HC-NM9aB should be greater than or equal to HC-NM9aB.  | bhck1184 ge bhck1187  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 1007        | HC-NM9aB    | BHCK1187    | If HC-NM9aB is greater than 0, then HC-NM9aB should be greater than 0.   | if bhck1184 gt 0 then bhck1187 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 1002        | HC-NM9aC    | BHCK1188    | HC-NM9aC should be greater than or equal to HC-NM9aC.  | bhck1185 ge bhck1188  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-N     | Quality     | 1008        | HC-NM9aC    | BHCK1188    | If HC-NM9aC is greater than 0, then HC-NM9aC should be greater than 0.   | if bhck1185 gt 0 then bhck1188 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-C     | Quality     | 1010        | HC-NM9bC    | BHCK1188    | HC-CM5b should be greater than or equal to the sum of HC-NM9bA, HC-NM9bB, and HC-NM9bC.  | bhck780 ge (bhck1186 + bhck1187 + bhck1188)   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P7a      | BHCK1191    | HC-P7a should not be negative.   | bhck1191 ge 0 or bhck1191 eq null   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P7b      | BHCK1192    | HC-P7b should not be negative.   | bhck1192 ge 0 or bhck1192 eq null   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P1       | BHCKHT81    | HC-P1 should not be negative.  | bhckht81 ge 0 or bhckht81 eq null   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P2       | BHCKHT82    | HC-P2 should not be negative.  | bhckht82 ge 0 or bhckht82 eq null   |

Quality (Q) and Intraseries (!) Edits for the FRY-9C  
(Effective as of March 31, 2019)

| Series | Effective Start Date | Effective End Date | Edit Change | Schedule | Edit Type   | Edit Number | Target Item | MDRM Number | Edit Test   | Alg Edit Test  |
|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|--|
| FRY9C  | 20180630             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P3       | BHCKHT83    | HC-P3 should not be negative.   | bhckht83 ge 0 or bhckht83 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P4       | BHCKHT84    | HC-P4 should not be negative.   | bhckht84 ge 0 or bhckht84 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P5       | BHCKHT85    | HC-P5 should not be negative.   | bhckht85 ge 0 or bhckht85 eq null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-P     | Quality     | 9550        | HC-P6       | BHCKHT86    | HC-P6 should not be negative.   | bhckht86 ge 0 or bhckht86 eq null  |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-Q     | Intraseries | 0156        | HC-Q1A      | BHCVJA36    | IF HC-Q1A (previous) is not equal to zero or null, then HC-Q1A (current) should not equal zero or null.   | if (bhcvja36-q2 ne 0) and (bhcvja36-q2 ne null) then (bhcvja36-q1 ne 0) and (bhcvja36-q1 ne null)  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-Q     | Intraseries | 0157        | HC-Q2A      | BHCKG478    | For BHCS, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if HC-Q2A (previous) is not equal to zero or null, then HC-Q2A (current) should not equal zero or null. | For BHCS, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if (bhckg478-q2 ne 0) and (bhckg478-q2 ne null) then (bhckg478-q1 ne 0) and (bhckg478-q1 ne null)  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-Q     | Quality     | 0445        | HC-Q3A      | BHCKG483    | HC-Q3A should be less than or equal to HC-4a.   | bhckg483 le bhckg5369  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-Q     | Quality     | 0446        | HC-Q4A      | BHCKG488    | HC-Q4A should be less than or equal to HC-4b.   | bhckg488 le bhckb528   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Intraseries | 0161        | HC-Q5A      | BHCT3543    | IF HC-Q5A (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  | 20150331             | 99991231           | No Change   | HC-Q     | Quality     | 0068        | HC-Q5b1A    | BHCKF240    | HC-Q5b1A should be less than or equal to HC-Q5bA.   | bhckf240 le bhckg497   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-Q     | Quality     | 0222        | HC-Q5b1C    | BHCKF692    | HC-Q5b1C should be less than or equal to HC-Q5bC.   | bhckf692 le bhckg499   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Quality     | 0069        | HC-Q5b1D    | BHCKF241    | HC-Q5b1D should be less than or equal to HC-Q5bD.   | bhckf241 le bhckg500   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Quality     | 0070        | HC-Q5b1E    | BHCKF242    | HC-Q5b1E should be less than or equal to HC-Q5bE.   | bhckf242 le bhckg501   |
| FRY9C  | 20180930             | 99991231           | No Change   | HC-Q     | Quality     | 0063        | HC-Q5bA     | BHCKG497    | IF HC-Q5bA is not null, then the sum of HC-Q5aA and HC-Q5bA should equal HC-5.  | if bhct3543 ne null then (bhct3543 + bhckg497) eq bhck3545   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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.  | (bhckg391-q2 ne 0) and (bhckg391-q1 ne null) + (bhckg391-q1 ne 0) and (bhckg391-q1 ne null) + (bhckg391-q1 ne 0) and (bhckg391-q1 ne null) + (bhckg391-q1 ne 0) and (bhckg391-q1 ne null) + (bhckg391-q1 ne 0) and (bhckg391-q1 ne null) |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  |

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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  | 20150331             | 99991231           | No Change   | 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  | 20160930             | 99991231           | No Change   | HC-Q     | Intraseries | 0160        | HC-Q8A      | BHCKF252    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if HC-Q8A (previous) is not equal to zero or not null, then HC-Q8A (current) should not be zero or null. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if (bhckf252-q2 ne 0) and (bhckf252-q2 ne null) then (bhckf252-q1 ne 0) and (bhckf252-q1 ne null). |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-Q     | Intraseries | 0342        | HC-Q9A      | BHCKG507    | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if HC-Q9A (previous) is not equal to zero or not null, then HC-Q9A (current) should not be zero or null. | For BHCs, SHCs, IHCs, Non-BHC IHCs and all SLHCs, if (bhckg507-q2 ne 0) and (bhckg507-q2 ne null) then (bhckg507-q1 ne 0) and (bhckg507-q1 ne null). |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20180930             | 99991231           | No Change   | HC-Q     | Quality     | 0064        | HC-Q10bA    | BHCKG516    | If HC-Q10aA is not null, then the sum of HC-Q10aA and HC-Q10bA should equal HC-15.   | if bhct3547 ne null then (bhct3547 + bhckg516) eq bhck3548   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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 bhckg546 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Quality     | 0356        | HC-QM1cTX   | BHCKG546    | If text data is not equal to null, then financial data should not equal null or zero.  | if bhckg546 ne null then bhckg546 ne null and bhckg546 ne 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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 bhckg551 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Quality     | 0358        | HC-QM1dTX   | BHCKG551    | If text data is not equal to null, then financial data should not equal null or zero.  | if bhckg551 ne null then bhckg551 ne null and bhckg551 ne 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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 bhckg556 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Quality     | 0360        | HC-QM1eTX   | BHCKG556    | If text data is not equal to null, then financial data should not equal null or zero.  | if bhckg556 ne null then bhckg556 ne null and bhckg556 ne 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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 bhckg561 ne null  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-Q     | Quality     | 0362        | HC-QM1fTX   | BHCKG561    | If text data is not equal to null, then financial data should not equal null or zero.  | if bhckg561 ne null then bhckg561 ne null and bhckg561 ne 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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)                                       |

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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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | HC-Q     | Quality      | 0366        | HC-QM2dTX   | BHTXG576    | should not equal null or zero.   | if bhtxg576 ne null then bhckg576 ne null and bhckg576 ne 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20190331             | 99991231           | Added       | HC-R(!)  | Quality      | 9690        | HC-R(!)2a   | BHCKJ129    | If HC-R(!)2a is not null, then the item selected should be 1 for 'Yes' or 0 for 'No'   | If bhckkj129 ne null, then bhckkj129 eq 1 or bhckkj129 eq 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(!)  | Quality      | 4010        | HC-R(!)1    | BHCAP742    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-24 and HC-25 should be greater than or equal to HC-R(!)1.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhck3230 + bhck3240) ge bhcap742                                  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(!)  | Quality      | 4012        | HC-R(!)3    | BHCAB530    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if the absolute value of HC-B8D minus HC-B8C is greater than \$50K, then HC-R(!)3 should not equal zero   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if abs(bhct1773 - bhck1772) gt 50, then bhcab530 ne 0              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(!)  | Quality      | 4014        | HC-R(!)3    | BHCAB530    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HI-M13 equals zero, and the absolute value of HC-B8D minus HC-B8C is greater than \$250K, then HC-B8D minus HC-B8C should not equal HC-R(!)3 | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhck530 eq 0 and abs(bhct1773 - bhck1772) gt 250, then bhcab530 |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(!)  | Quality      | 4016        | HC-R(!)3    | BHCAB530    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(!)3a is equal to zero, then HC-R(!)3 should be less than or equal to HC-26b.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap838 eq 0 then bhcab530 le bhckb530                         |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(!)  | Quality      | 4018        | HC-R(!)3    | BHCAB530    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(!)3a is equal to 1, then HC-R(!)3 should equal HC-26b   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap838 eq 1, then bhcab530 eq bhckb530                        |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(!)  | Intraserries | 5117        | HC-R(!)3a   | BHCAP838    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(!)3a (previous) is not null and equal to 0 or 1, then HC-R(!)3a (current) should equal HC-R(!)3a (previous).                            | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhcap838-q2 eq 1) then (bhcap838-q1 eq bhcap838-q2)            |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(!)  | Quality      | 9600        | HC-R(!)4    | BHCAP839    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(!)4 should not be negative and should not be null.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap839 ge 0 and bhcap839 ne null                                 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(!)  | Quality      | 4025        | HC-R(!)4    | BHCAP839    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(!)4 should be less than or equal to HC-27B   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap839 le bhck3000   |



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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9600        | HC-R(I)6    | BHCAP841    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)6 should not be negative and should not be null.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap841,ge 0 and bhcap841 ne null  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-R(I)  | Quality   | 4020        | HC-R(I)6    | BHCAP841    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)6 should be less than or equal to HC-M12b.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap841 le bhck3163  |
| FRY9C  | 20180930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4030        | HC-R(I)7    | BHCAP842    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)7 should be less than or equal to HC-M12c. (+1)   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcap842 le (bhckj76 + 1)  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4027        | HC-R(I)8    | BHCAP843    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, the sum of HC-R(I)8 and HC-R(I)15 should be less than or equal to HC-F2.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcap843 + bhcap855) le bhck2148   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4029        | HC-R(I)9a   | BHCAP844    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if the absolute value of HC-R(I)9a minus (HC-B8D minus HC-B8C) is greater than \$100K, then the sum of HC-F2 and HC-G2 should be greater than zero                   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if abs(bhcap844 - (bhct1773 - bhck1772)) gt 100, then (bhck2148 + bhck3049) gt 0                |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4031        | HC-R(I)9a   | BHCAP844    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)9a equals 1 and if the absolute value of HC-B8D minus HC-B8C is greater than \$50K, then HC-R(I)9a should not equal zero                                   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap838 eq 1 and if abs(bhct1773 - bhck1772) gt 250, then bhcap844 ne (bhct1773 - bhck1772) |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4032        | HC-R(I)9a   | BHCAP844    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HI-M13 equals zero and the absolute value of HC-B8D minus HC-B8C is greater than \$250K, then HC-R(I)9a should not equal HC-B8D minus HC-B8C                      | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap838 eq 1 and if (bhck510-bhck511) gt 100 then bhcap845/(bhck510-bhck511) ge 0.55        |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4033        | HC-R(I)9b   | BHCAP845    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)9a equals 1 and if HC-B7C minus HC-B7D is greater than \$100K, then HC-R(I)9b divided by HC-B7C minus HC-B7D should be greater than or equal to 55 percent | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap838 eq 1 and if (bhck510-bhck511) gt 100, then bhcap845 gt 0 and bhcap845 ne null       |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4034        | HC-R(I)9b   | BHCAP845    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)9a equals 1 and if HC-B7C minus HC-B7D is greater than \$100K, then HC-R(I)9b should be greater than 0 and should not be null.                             | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap838 eq 1 and if (bhck510-bhck511) gt 100, then bhcap845 gt 0 and bhcap845 ne null       |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4035        | HC-R(I)9b   | BHCAP845    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)9a equals 1 and if HC-B7C minus HC-B7D is greater than or equal to 0, then HC-R(I)9b should be less than or equal to HC-B7C minus HC-B7D                   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap838 eq 1 and if (bhck510-bhck511) ge 0, then bhcap845 le (bhck510-bhck511)              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4036        | HC-R(I)9e   | BHCAP848    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)9a equals 1 and if HC-2a equals 0, then HC-R(I)9e should equal 0   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap838 eq 1 and if bhck1754 eq 0, then bhcap848 eq 0                                       |

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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4038        | HC-R(I)9f   | BHCAP849    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)3 is not equal to 0 and HC-R(I)3a is equal to zero, then HC-R(I)9f should not be null.       | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs only, if bhcap530 ne 0, and bhcap838 eq 0, then bhcap849 ne null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4039        | HC-R(I)10b  | BHCAP850    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)10b (current) minus HC-R(I)10b (previous) should be +/- \$100K                                  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs only, (bhcap850-q1 - bhcap850-q2) le 100 and (bhcap850-q1 - bhcap850-q2) ge -100   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9600        | HC-R(I)11   | BHCAP851    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)11 should not be negative and should not be null.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap851 ge 0 and bhcap851 ne null                              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9600        | HC-R(I)13   | BHCAP853    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)13 should not be negative and should not be null.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap853 ge 0 and bhcap853 ne null                              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9600        | HC-R(I)14   | BHCAP854    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)14 should not be negative and should not be null.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap854 ge 0 and bhcap854 ne null                              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9600        | HC-R(I)15   | BHCAP855    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)15 should not be negative and should not be null.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap855 ge 0 and bhcap855 ne null                              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9600        | HC-R(I)17   | BHCAP857    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)17 should not be negative and should not be null.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap857 ge 0 and bhcap857 ne null                              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4041        | HC-R(I)17   | BHCAP857    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)23 is greater than HC-R(I)24, then HC-R(I)17 should be equal to zero and should not be null. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap863 gt bhcap864 then bhcap857 eq 0 and bhcap857 ne null |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4042        | HC-R(I)17   | BHCAP857    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)24 is greater than HC-R(I)23, then the sum of HC-R(I)17 and HC-R(I)23 should equal HC-R(I)24 | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap864 gt bhcap863 then (bhcap857 + bhcap863) eq bhcap864  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9600        | HC-R(I)20   | BHCAP860    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)20 should not be negative and should not be null.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap860 ge 0 and bhcap860 ne null                              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4040        | HC-R(I)20   | BHCAP860    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-23 and HC-19b should be greater than or equal to HC-R(I)20.                                  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhck6283 + bhck699) ge bhcap860                                |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9600        | HC-R(I)21   | BHCAP861    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)21 should not be negative and should not be null.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap861 ge 0 and bhcap861 ne null                              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9600        | HC-R(I)22   | BHCAP862    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)22 should not be negative and should not be null.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap862 ge 0 and bhcap862 ne null                              |

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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9600        | HC-R(I)24   | BHCAP864    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)24 should not be negative and should not be null.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap864 ge 0 and bhcap864 ne null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4043        | HC-R(I)24   | BHCAP864    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)33 is greater than HC-R(I)32a, then HC-R(I)24 should be greater than HC-R(I)33 minus HC-R(I)32a                                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap872 gt bhcap870, then bhcap864 gt (bhcap872-bhcap870)   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9550        | HC-R(I)25   | BHCAP865    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)25 should not be negative or should equal null   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap865 ge 0 or bhcap865 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9600        | HC-R(I)27   | BHCAP866    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)27 should not be negative and should not be null.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap866 ge 0 and bhcap866 ne null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9600        | HC-R(I)28   | BHCAP867    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)28 should not be negative and should not be null.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap867 ge 0 and bhcap867 ne null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9600        | HC-R(I)29   | BHCAP868    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)29 should not be negative and should not be null.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap868 ge 0 and bhcap868 ne null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9600        | HC-R(I)30a  | BHCA5310    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)30a should not be negative and should not be null.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhca5310 ge 0 and bhca5310 ne null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4049        | HC-R(I)30a  | BHCA5310    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-4c minus HI-B(I)M1 plus HC-G3 is greater than 1.25 percent of HC-R(I)26, then HC-R(I)30a should equal 1.25 percent of HC-R(I)26 +/- .1k | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhck3123 -bhckc435 + bhckb557) gt (.0125 * bhcks580) then bhca5310 le (.0125 * bhcks580) + 1 or bhca5310 ge (.0125 * bhcks580) - 1 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9610        | HC-R(I)30b  | BHCW5310    | For advanced approaches HCs that exit parallel run only, HC-R(I)30b should not be null and should not be negative.   | For advanced approaches HCs that exit parallel run only bhcw5310 ne null and bhcw5310 ge 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9620        | HC-R(I)33   | BHCAP872    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)33 should not be null and should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap872 ne null and bhcap872 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4052        | HC-R(I)33   | BHCAP872    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)33 should be less than or equal to HC-R(I)32a  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcap872 le bhcap870   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4054        | HC-R(I)33   | BHCAP872    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)32b is greater than zero, then HC-R(I)33 should be less than or equal to HC-R(I)32b   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap870 gt 0, then bhcap872 le bhcap870  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9550        | HC-R(I)34a  | BHCA5311    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)34a should not be negative and should not be null  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhca5311 ge 0 or bhca5311 ne null  |

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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9550        | HC-R(I)34b  | BHCW5311    | For Advanced Approaches HCs that have exited parallel run, HC-R(I)34b should not be negative and should not be null.   | For Advanced Approaches HCs that have exited parallel run, bhcw5311 ge 0 or bhcw5311 ne null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4045        | HC-R(I)37   | BHCAP875    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)24 does not equal zero or null, then the sum of HC-R(I)6 through HC-R(I)8, HC-R(I)10b, HC-R(I)11, and HC-R(I)13 through HC-R(I)17 should be less than or equal to HC-R(I)37.                  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap864 ne 0 and bhcap864 ne null, then (bhcap841 + bhcap842 + bhcap843 + bhcap850 + bhcap851 + bhcap853 + bhcap854 + bhcap855 + bhcap856 + bhcap857) le bhcap875 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4046        | HC-R(I)37   | BHCAP875    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)24 does not equal zero or null, then the sum of HC-R(I)6 through HC-R(I)8, HC-R(I)10b, HC-R(I)11, and HC-R(I)13 through HC-R(I)17 and HC-R(I)24 should be greater than or equal to HC-R(I)37. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcap841 + bhcap842 + bhcap843 + bhcap850 + bhcap851 + bhcap853 + bhcap854 + bhcap855 + bhcap856 + bhcap857 + bhcap864) ge bhcap875                                  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4047        | HC-R(I)37   | BHCAP875    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(I)6 through HC-R(I)8, HC-R(I)10b, HC-R(I)11, HC-R(I)13 through HC-R(I)17 and HC-R(I)24 should be greater than or equal to HC-R(I)37.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcap841 + bhcap842 + bhcap843 + bhcap850 + bhcap851 + bhcap853 + bhcap854 + bhcap855 + bhcap856 + bhcap857 + bhcap864) ge bhcap875                                  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4050        | HC-R(I)30a  | BHCA5310    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)30a should be less than or equal to 1.25 percent of HC-R(I)26 (+.01 percent).  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhca5310 le (.0126 * bhck580))   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9620        | HC-R(I)40a  | BHCAA223    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)40a should not be null and should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcaa223 ne null and bhcaa223 ge 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4055        | HC-R(I)40a  | BHCAA223    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(I)40a should equal HC-R(I)31   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcaa223 eq bhck641   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 9630        | HC-R(I)40b  | BHCWA223    | For advanced approaches HCs that exit parallel run only, HC-R(I)40b should not be null and should not be negative.   | For advanced approaches HCs that exit parallel run only bhcwa223 ne null and bhcwa223 ge 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4060        | HC-R(I)41A  | BHCAP793    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)40a does not equal zero, then HC-R(I)41A should equal HC-R(I)19 divided by HC-R(I)40a (+/- .1%).  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap793 ne 0 then (bhcap793 le ((bhcap859 / bhcaa223) * 100) + .1) and (bhcap793 ge ((bhcap859 / bhcaa223) * 100) - .1)   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4070        | HC-R(I)41B  | BHCWP793    | For advanced approaches HCs that exit parallel run only, if HC-R(I)40b does not equal zero, then HC-R(I)41B should equal HC-R(I)19 divided by HC-R(I)40b (+/- .1%).  | For advanced approaches HCs that exit parallel run only if bhcwp793 ne 0 then (bhcwp793 le ((bhcap859 / bhcwa223) * 100) + .1) and (bhcwp793 ge ((bhcap859 / bhcwa223) * 100) - .1)  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4080        | HC-R(I)42A  | BHCA7206    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(I)40a does not equal zero, then HC-R(I)42A should equal HC-R(I)26 divided by HC-R(I)40a (+/- .1%).  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcaa223 ne 0 then (bhca7206 le ((bhca8274 / bhcaa223) * 100) + .1) and (bhca7206 ge ((bhca8274 / bhcaa223) * 100) - .1)   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(I)  | Quality   | 4090        | HC-R(I)42B  | BHCW7206    | For advanced approaches HCs that exit parallel run only, if HC-R(I)40b does not equal zero, then HC-R(I)42B should equal HC-R(I)26 divided by HC-R(I)40b (+/- .1%).  | For advanced approaches HCs that exit parallel run only if bhcwa223 ne 0 then (bhcw7206 le ((bhca8274 / bhcwa223) * 100) + .1) and (bhcw7206 ge ((bhca8274 / bhcwa223) * 100) - .1)  |





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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)1C  | BHCKD958    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd958 ge 0 or bhckd958 eq null  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd958 ge 0 or bhckd958 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)1G  | BHCKD959    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)1G should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd959 ge 0 or bhckd959 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)1H  | BHCK9397    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)1H should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhck9397 ge 0 or bhck9397 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)1I  | BHCKD960    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)1I should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd960 ge 0 or bhckd960 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)1J  | BHCK9398    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)1J should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhck9398 ge 0 or bhck9398 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6895        | HC-R(II)2aB | BHCK9399    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)2a equals 0, then HC-R(II)2aB should equal 0 and should not be null.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap838 eq 0, then bhck9399 eq 0 and bhck9399 ne null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6897        | HC-R(II)2aB | BHCK9399    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)2a equals 1, and the sum of HC-R(II)2aA and HC-R(II)9aA is greater than 0, and HC-R(II)9aE is not equal to 0, then the sum of HC-R(II)2aB and HC-R(II)9aB should not equal 0. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap838 eq 0, then (bhckd961 + bhck9475) gt 0 and bhcap848 ne 0 then (bhck9399 + bhck9476) ne 0 |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-R(II) | Quality   | 6898        | HC-R(II)2aC | BHCKD962    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2aC should be less than or equal to the sum of HC-B1A, HC-B2A, HC-B4a1A, HC-B4b1A, HC-B4c1aA and HC-B4c2aA.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd962 le (bhckd0211 + bhckht50 + bhckg300 + bhckg312 + bhckk142 + bhckk150)                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2aC | BHCKD962    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2aC should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd962 ge 0 or bhckd962 eq null   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2aD | BHCKH174    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2aD should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh174 ge 0 or bhckh174 eq null   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2aE | BHCKH175    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2aE should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh175 ge 0 or bhckh175 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2aG | BHCKD963    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2aG should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd963 ge 0 or bhckd963 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2aH | BHCKD964    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2aH should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd964 ge 0 or bhckd964 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2aI | BHCKD965    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2aI should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd965 ge 0 or bhckd965 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2aJ | BHCK9400    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2aJ should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhck9400 ge 0 or bhck9400 eq null   |

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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6902        | HC-R(II)2bB | BHCKS402    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-B7D is greater than HC-B7C, and HC-R(II)3a equals 1, and the sum of HC-R(II)9bT and HC-R(II)9bU equals 0, then the sum of HC-R(II)31 and HC-R(II)2bB and HC-R(II)9bB should equal HC-B8D minus HC-B8C +/- .10k                     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckA511 gt bhckA510, and bhcap838 eq 1, and (bhckS483 + bhckS484) eq 0 then (bhcaq257 + bhckS402 + bhckS481) le (bhct1773-bhck1772) +10 and (bhcaq257+ bhckS402 + bhckS481) ge (bhct1773- bhck1772) + 10                           |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6947        | HC-R(II)2bB | BHCKS402    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)3a equals 1, and HC-B7d is less than or equal to HC-B7c, and the sum of HC-R(II)9bT and HC-R(II)9bU equals 0, then the sum of HC-R(II)2bB and HC-R(II)9bB should equal HC-B8D minus HC-B8C minus HC-B7d plus HC-B7c +/- .540k | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap838 eq 1, and bhckA511 le bhckA510, and (bhckS483+ bhckS484) eq 0 then (bhckS402 + bhckS481) le (bhct1773 - bhck1772 - bhckA511 + bhckA510) + 40 and (bhckS402 + bhckS481) ge (bhct1773 - bhck1772 - bhckA511 + bhckA510) - 40 |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Quality   | 6973        | HC-R(II)2bB | BHCKS402    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)3a equals 1 and the sum of HC-R(II)2bA and HC-R(II)9bA is greater than 0, and the sum of HC-R(II)9a and HC-R(II)9b does not equal 0; then HC-R(II)2bB plus HC-R(II)9bB should not equal 0.                                    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcap838 eq 1 and (bhckja21 + bhckS480) gt 0, and (bhcap844 + bhcap845) ne 0, then (bhckS402 + bhckS481) ne 0   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-R(II) | Quality   | 6903        | HC-R(II)2bC | BHCKD967    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-B1C, HC-B2C, HC-B4a1C, HC-B4b1C, HC-B4c1aC, and HC-B4c2aC should be greater than or equal to HC-R(II)2bC.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhck1286 + bhckht52 + bhckg302 + bhckg314 + bhckk144 + bhckk152) ge bhckd967  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2bC | BHCKD967    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2bC should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd967 ge 0 or bhckd967 eq null  |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2bD | BHCKH176    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2bD should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh176 ge 0 or bhckh176 eq null  |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2bE | BHCKH177    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2bE should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh177 ge 0 or bhckh177 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2bG | BHCKD968    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2bG should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd968 ge 0 or bhckd968 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2bH | BHCKD969    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2bH should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd969 ge 0 or bhckd969 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2bI | BHCKD970    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2bI should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd970 ge 0 or bhckd970 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2bJ | BHCKS403    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2bJ should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckS403 ge 0 or bhckS403 eq null  |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2bK | BHCKH270    | For advanced approaches HCs and advanced approaches that don't calculate risk-weighted assets per advanced approaches risk-based capital rule only, HC-R(II)2bK should not be negative.   | For advanced approaches HCs and advanced approaches that don't calculate risk-weighted assets per advanced approaches risk-based capital rule only, bhckh270 ge 0 or bhckh270 eq null   |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Quality   | 7805        | HC-R(II)2bK | BHCKH270    | For non-advanced approaches HCs, HC-R(II)2bK should be null.  | For non-advanced approaches HCs, bhckh270 eq null   |

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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2bl | BHCKS405    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2bl should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks405 ge 0 or bhcks405 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2bn | BHCKS406    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2bn should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks406 ge 0 or bhcks406 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2br | BHCKH271    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2br should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh271 ge 0 or bhckh271 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)2bs | BHCKH272    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)2bs should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh272 ge 0 or bhckh272 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6904        | HC-R(II)2br | BHCKH271    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)2br is greater than zero then HC-R(II)2br should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh272 gt 0 then bhckh271 gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6905        | HC-R(II)2bs | BHCKH272    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)2br is greater than zero then HC-R(II)2bs should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh271 gt 0 then bhckh272 gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6974        | HC-R(II)3ac | BHCKD972    | For BHCs, SHCs, IHCs, Non-BHC IHCs, and covered SLHCs as defined by the final capital rule only, HC-R(II)3ac should equal zero and should not be null.  | For BHCs, SHCs, IHCs, Non-BHC IHCs, and covered SLHCs as defined by the final capital rule only, bhckd972 eq 0 and bhckd972 ne null                |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)3ag | BHCKD973    | For BHCs, SHCs, IHCs, Non-BHC IHCs, and covered SLHCs as defined by the final capital rule only, HC-R(II)3ag should not be negative.  | For BHCs, SHCs, IHCs, Non-BHC IHCs, and covered SLHCs as defined by the final capital rule only, bhckd973 ge 0 or bhckd973 eq null                 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)3ah | BHCKS410    | For BHCs, SHCs, IHCs, Non-BHC IHCs, and covered SLHCs as defined by the final capital rule only, HC-R(II)3ah should not be negative.  | For BHCs, SHCs, IHCs, Non-BHC IHCs, and covered SLHCs as defined by the final capital rule only, bhcks410 ge 0 or bhcks410 eq null                 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)3al | BHCKD974    | For BHCs, SHCs, IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)3al should not be negative.   | For BHCs, SHCs, IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd974 ge 0 or bhckd974 eq null                  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)3aj | BHCKS411    | For BHCs, SHCs, IHCs, Non-BHC IHCs, and covered SLHCs as defined by the final capital rule only, HC-R(II)3aj should not be negative.  | For BHCs, SHCs, IHCs, Non-BHC IHCs, and covered SLHCs as defined by the final capital rule only, bhcks411 ge 0 or bhcks411 eq null                 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)3ba | BHCKH171    | For BHCs, SHCs, IHCs, Non-BHC IHCs, and covered SLHCs as defined by the final capital rule only, HC-R(II)3ba should not be negative.  | For BHCs, SHCs, IHCs, Non-BHC IHCs, and covered SLHCs as defined by the final capital rule only, bhckh171 ge 0 or bhckh171 eq null                 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4aa | BHCKS413    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4aa should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks413 ge 0 or bhcks413 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4ac | BHCKH173    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4ac should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh173 ge 0 or bhckh173 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4ag | BHCKS415    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4ag should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks415 ge 0 or bhcks415 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4ah | BHCKS416    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4ah should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks416 ge 0 or bhcks416 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4al | BHCKS417    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4al should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks417 ge 0 or bhcks417 eq null   |

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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4aR | BHCKH273    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4aR should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh273.ge 0 or bhckh273 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4aS | BHCKH274    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4aS should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh274.ge 0 or bhckh274 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6906        | HC-R(II)4AR | BHCKH273    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)4aR is greater than zero then HC-R(II)4aR should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh273.gt 0 then bhckh273 gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6907        | HC-R(II)4AS | BHCKH274    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)4aR is greater than zero then HC-R(II)4AS should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh273.gt 0 then bhckh274 gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4bA | BHCKH419    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4bA should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh419.ge 0 or bhckh419 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4bC | BHCKH174    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4bC should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh174.ge 0 or bhckh174 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4bG | BHCKH175    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4bG should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh175.ge 0 or bhckh175 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4bH | BHCKH176    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4bH should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh176.ge 0 or bhckh176 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4bI | BHCKH177    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4bI should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh177.ge 0 or bhckh177 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4bJ | BHCKH421    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4bJ should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh421.ge 0 or bhckh421 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4bR | BHCKH275    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4bR should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh275.ge 0 or bhckh275 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4bS | BHCKH276    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4bS should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh276.ge 0 or bhckh276 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6908        | HC-R(II)4BR | BHCKH275    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)4bS is greater than zero then HC-R(II)4BR should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh276.gt 0 then bhckh275 gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6909        | HC-R(II)4BS | BHCKH276    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)4bR is greater than zero then HC-R(II)4BS should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh275.gt 0 then bhckh276 gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4CA | BHCKH423    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4CA should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh423.ge 0 or bhckh423 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4CC | BHCKH425    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4CC should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh425.ge 0 or bhckh425 eq null   |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|--|--|
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4cD | BHCKHJ78    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4cD should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckhj78 ge 0 or bhckhj78 eq null   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4cE | BHCKHJ79    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4cE should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckhj79 ge 0 or bhckhj79 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4cG | BHCKS426    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4cG should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks426 ge 0 or bhcks426 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4cH | BHCKS427    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4cH should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks427 ge 0 or bhcks427 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4cI | BHCKS428    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4cI should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks428 ge 0 or bhcks428 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4cJ | BHCKS429    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4cJ should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks429 ge 0 or bhcks429 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4cR | BHCKHJ277   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4cR should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh277 ge 0 or bhckh277 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4cS | BHCKHJ278   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4cS should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh278 ge 0 or bhckh278 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6911        | HC-R(II)4cR | BHCKHJ277   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)4cS is greater than zero then HC-R(II)4cR should be greater than zero. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh278 gt 0 then bhckh277 gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6912        | HC-R(II)4cS | BHCKHJ278   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)4cR is greater than zero then HC-R(II)4cS should be greater than zero. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh277 gt 0 then bhckh278 gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4dC | BHCKS433    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4dC should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks433 ge 0 or bhcks433 eq null   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4dD | BHCKHJ80    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4dD should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh80 ge 0 or bhckh80 eq null     |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4dE | BHCKHJ81    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4dE should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh81 ge 0 or bhckh81 eq null     |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4dG | BHCKS434    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4dG should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks434 ge 0 or bhcks434 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4dH | BHCKS435    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4dH should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks435 ge 0 or bhcks435 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4dI | BHCKS436    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4dI should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks436 ge 0 or bhcks436 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4dJ | BHCKS437    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4dJ should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks437 ge 0 or bhcks437 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  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4dR | BHCKH279    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4dR should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh279.gt 0 or bhckh279 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)4dS | BHCKH280    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)4dS should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh280.gt 0 or bhckh280 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6913        | HC-R(II)4dR | BHCKH279    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)4dS is greater than zero then HC-R(II)4dR should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh280.gt 0 then bhckh279.gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6914        | HC-R(II)4dS | BHCKH280    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)4dR is greater than zero then HC-R(II)4dS should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh279.gt 0 then bhckh280.gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5aA | BHCKH439    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5aA should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks439.gt 0 or bhcks439 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5aC | BHCKH178    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5aC should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh178.gt 0 or bhckh178 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5aG | BHCKH441    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5aG should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks441.gt 0 or bhcks441 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5aH | BHCKH442    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5aH should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks442.gt 0 or bhcks442 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5aI | BHCKH443    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5aI should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks443.gt 0 or bhcks443 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5aR | BHCKH281    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5aR should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh281.gt 0 or bhckh281 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5aS | BHCKH282    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5aS should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh282.gt 0 or bhckh282 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6917        | HC-R(II)5aR | BHCKH281    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)5aS is greater than zero then HC-R(II)5aR should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh282.gt 0 then bhckh281.gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6918        | HC-R(II)5aS | BHCKH282    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)5aR is greater than zero then HC-R(II)5aS should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh281.gt 0 then bhckh282.gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5bA | BHCKH445    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5bA should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks445.gt 0 or bhcks445 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5bC | BHCKH179    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5bC should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh179.gt 0 or bhckh179 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5bG | BHCKH180    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5bG should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh180.gt 0 or bhckh180 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  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5bH | BHCKH181    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5bH should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh181.ge 0 or bhckh181 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5bI | BHCKH182    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5bI should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh182.ge 0 or bhckh182 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5bJ | BHCKH447    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5bJ should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh447.ge 0 or bhckh447 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5bR | BHCKH283    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5bR should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh283.ge 0 or bhckh283 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5bS | BHCKH284    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5bS should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh284.ge 0 or bhckh284 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6922        | HC-R(II)5bR | BHCKH283    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)5bS is greater than zero then HC-R(II)5bR should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh284.gt 0 then bhckh283.gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6923        | HC-R(II)5bS | BHCKH284    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)5bR is greater than zero then HC-R(II)5bS should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh283.gt 0 then bhckh284.gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5cA | BHCKS449    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5cA should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh449.ge 0 or bhckh449 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5cC | BHCKS451    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5cC should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh451.ge 0 or bhckh451 eq null   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5cD | BHCKHJ82    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5cD should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh82.ge 0 or bhckh82 eq null     |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5cE | BHCKHJ83    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5cE should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh83.ge 0 or bhckh83 eq null     |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5cG | BHCKS452    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5cG should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh452.ge 0 or bhckh452 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5cH | BHCKS453    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5cH should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh453.ge 0 or bhckh453 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5cI | BHCKS454    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5cI should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh454.ge 0 or bhckh454 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5cJ | BHCKS455    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5cJ should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh455.ge 0 or bhckh455 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5cR | BHCKH285    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5cR should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh285.ge 0 or bhckh285 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5cS | BHCKH286    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5cS should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh286.ge 0 or bhckh286 eq null   |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6924        | HC-R(II)5cR | BHCKH285    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)5cS is greater than zero then HC-R(II)5cR should be greater than zero   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh286 gt 0 then bhckh285 gt 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6926        | HC-R(II)5cS | BHCKH286    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)5cR is greater than zero then HC-R(II)5cS should be greater than zero   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh285 gt 0 then bhckh286 gt 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6910        | HC-R(II)5dH | BHCKS458    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)2aB, HC-R(II)4aB through 4dH and HC-R(II)5aB through 5dH should be less than or equal to \$100k.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckk399 + bhckk414 + bhckk420 + bhckk424 + bhckk432 + bhckk440 + bhckk446 + bhckk450 + bhckk458) le 100  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6915        | HC-R(II)5dC | BHCKS459    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if the sum of HC-C3A, HC-C4aA and HC-C4bA does not equal zero, then the sum of HC-R(II)5aC through HC-R(II)5dC divided by the sum of HC-C3A, HC-C4aA and HC-C4bA should not exceed the tolerance of 60%. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhckk1590 + bhckk1763 + bhckk1764) ne 0 then (((bhckh178 + bhckh179 + bhckk451 + bhckk459) / (bhckk1590 + bhckk1763 + bhckk1764)) * 100) le 60           |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5dC | BHCKS459    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5dC should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckk459 ge 0 or bhckk459 eq null  |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5dD | BHCKHJ84    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5dD should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckhJ84 ge 0 or bhckhJ84 eq null  |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5dE | BHCKHJ85    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5dE should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckhJ85 ge 0 or bhckhJ85 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5dG | BHCKS460    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5dG should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckk460 ge 0 or bhckk460 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6916        | HC-R(II)5dH | BHCKS461    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)4aH through 4dH and HC-R(II)5aH through 5dH 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, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckk416 + bhckk176 + bhckk427 + bhckk435 + bhckk442 + bhckh181 + bhckk453 + bhckk461) le (bhdm5367 + bhdm1460) + (0.50 * (bhckf158 + bhckf159 + bhdm1797)) |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5dH | BHCKS461    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5dH should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckk461 ge 0 or bhckk461 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5dI | BHCKS462    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5dI should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckk462 ge 0 or bhckk462 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5dJ | BHCKS463    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5dJ should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckk463 ge 0 or bhckk463 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5dR | BHCKH287    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5dR should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh287 ge 0 or bhckh287 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)5dS | BHCKH288    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)5dS should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh288 ge 0 or bhckh288 eq null  |

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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6927        | HC-R(II)5dR | BHCKH287    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)5dS is greater than zero then HC-R(II)5dR should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh288 gt 0 then bhckh287 gt 0                                    |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6928        | HC-R(II)5dS | BHCKH288    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)5dR is greater than zero then HC-R(II)5dS should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh287 gt 0 then bhckh288 gt 0                                    |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)7A  | BHCKD976    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)7A should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd976 ge 0 or bhckd976 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)7C  | BHCKD977    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)7C should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd977 ge 0 or bhckd977 eq null                                      |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)7D  | BHCKH186    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)7D should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh186 ge 0 or bhckh186 eq null                                      |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)7E  | BHCKH187    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)7E should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh187 ge 0 or bhckh187 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)7G  | BHCKD978    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)7G should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd978 ge 0 or bhckd978 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)7H  | BHCKD979    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)7H should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd979 ge 0 or bhckd979 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)7I  | BHCKD980    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)7I should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd980 ge 0 or bhckd980 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)7J  | BHCKS467    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)7J should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks467 ge 0 or bhcks467 eq null                                      |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)7K  | BHCKH289    | For advanced approaches HCs and advanced approaches that don't calculate risk-weighted assets per advanced approaches risk-based capital rule only, HC-R(II)7K should not be negative.          | For advanced approaches HCs and advanced approaches that don't calculate risk-weighted assets per advanced approaches risk-based capital rule only, bhckh289 ge 0 or bhckh289 eq null |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Quality   | 7815        | HC-R(II)7K  | BHCKH289    | For non-advanced approaches HCs, HC-R(II)7K should be null.   | For non-advanced approaches HCs, bhckh289 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)7L  | BHCKH186    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)7L should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh186 ge 0 or bhckh186 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)7M  | BHCKH290    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)7M should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh290 ge 0 or bhckh290 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)7N  | BHCKH187    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)7N should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh187 ge 0 or bhckh187 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)7R  | BHCKH291    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)7R should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh291 ge 0 or bhckh291 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)7S  | BHCKH292    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)7S should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh292 ge 0 or bhckh292 eq null                                      |

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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6929        | HC-R(II)7R  | BHCKH291    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)7S is greater than zero then HC-R(II)7R should be greater than zero                       | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcckh292 gt 0 then bhcckh291 gt 0                                    |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6931        | HC-R(II)7S  | BHCKH292    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)7R is greater than zero then HC-R(II)7S should be greater than zero                       | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcckh291 gt 0 then bhcckh292 gt 0                                    |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6919        | HC-R(II)8B  | BHCKK469    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-8 is greater than zero and HC-19b is greater than zero, then HC-R(II)8B should not equal zero. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhcck2130 gt 0 and bhcck699 gt 0) then bhcck469 ne 0                 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8C  | BHCKD982    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8C should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcckd982 ge 0 or bhcckd982 eq null                                      |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8D  | BHCKH188    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8D should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcckh188 ge 0 or bhcckh188 eq null                                      |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8E  | BHCKH189    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8E should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcckh189 ge 0 or bhcckh189 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8G  | BHCKD983    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8G should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcckd983 ge 0 or bhcckd983 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8H  | BHCKD984    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8H should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcckd984 ge 0 or bhcckd984 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8I  | BHCKD985    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8I should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcckd985 ge 0 or bhcckd985 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8J  | BHCKH185    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8J should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcckh185 ge 0 or bhcckh185 eq null                                      |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8K  | BHCKH293    | For advanced approaches HCs and advanced approaches that don't calculate risk-weighted assets per advanced approaches risk-based capital rule only, HC-R(II)8K should not be negative.                              | For advanced approaches HCs and advanced approaches that don't calculate risk-weighted assets per advanced approaches risk-based capital rule only, bhcckh293 ge 0 or bhcckh293 eq null |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Quality   | 7817        | HC-R(II)8K  | BHCKH293    | For non-advanced approaches HCs, HC-R(II)8K should be null  | For non-advanced approaches HCs, bhcckh293 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8L  | BHCKH188    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8L should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcckh188 ge 0 or bhcckh188 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8M  | BHCKS470    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8M should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcck470 ge 0 or bhcck470 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8N  | BHCKS471    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8N should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcck471 ge 0 or bhcck471 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8R  | BHCKH294    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8R should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcckh294 ge 0 or bhcckh294 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8S  | BHCKH295    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8S should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcckh295 ge 0 or bhcckh295 eq null                                      |



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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6932        | HC-R(II)8R  | BHCKH294    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)8S is greater than zero then HC-R(II)8R should be greater than zero   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bckh295 gt 0 then bhckh294 gt 0                                     |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6933        | HC-R(II)8S  | BHCKH295    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)8R is greater than zero then HC-R(II)8S should be greater than zero   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bckh294 gt 0 then bhckh295 gt 0                                     |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8aR | BHCKH296    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8aR should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh296 ge 0 or bhckh296 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8aS | BHCKH297    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8aS should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh297 ge 0 or bhckh297 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6934        | HC-R(II)8aR | BHCKH296    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)8aS is greater than zero then HC-R(II)8aR should be greater than zero   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bckh297 gt 0 then bhckh296 gt 0                                     |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6935        | HC-R(II)8aS | BHCKH297    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)8aR is greater than zero then HC-R(II)8aS should be greater than zero   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bckh296 gt 0 then bhckh297 gt 0                                     |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8bR | BHCKH298    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8bR should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh298 ge 0 or bhckh298 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)8bS | BHCKH299    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)8bS should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh299 ge 0 or bhckh299 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6936        | HC-R(II)8bR | BHCKH298    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)8bS is greater than zero then HC-R(II)8bR should be greater than zero   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bckh299 gt 0 then bhckh298 gt 0                                     |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6937        | HC-R(II)8bS | BHCKH299    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)8bR is greater than zero then HC-R(II)8bS should be greater than zero   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bckh298 gt 0 then bhckh299 gt 0                                     |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)9aA | BHCKS475    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)9aA should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh475 ge 0 or bhckh475 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7015        | HC-R(II)9aB | BHCKS476    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if the sum of HC-R(II)9aT and HC-R(II)9aU is greater than 0, then HC-R(II)9aB should not equal zero and should not be null | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhckh478 + bhckh479) gt 0, then bhckh476 ne 0 and bhckh476 eq null |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7020        | HC-R(II)9aB | BHCKS476    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)9aQ is equal to zero, then HC-R(II)9aB should equal HC-R(II)9aA   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh477 eq 0, then bhckh476 eq bhckh475                            |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)9aQ | BHCKS477    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)9aQ should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh477 ge 0 or bhckh477 eq null                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)9aT | BHCKS478    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)9aT should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh478 ge 0 or bhckh478 eq null                                      |

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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)9aU | BHCKS479    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)9aU should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks479 ge 0 or bhcks479 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7025        | HC-R(II)9aU | BHCKS479    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if the sum of HC-5 (previous) and HC-15 (previous) is greater than or equal to \$1 billion or greater than or equal to 10 percent of HC-12 (previous), then the sum of column U for items HC-R(II)9 and HC-R(II)10 should equal 0. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhck3545-q2 + bhck3548-q2) ge 1000000 or (bhck3545-q2 + bhck3548-q2) ge (0.1 * bhck2170-q2), then (bhcks479 + bhcks484 + bhcks489 + bhcks494 + bhcks499) eq 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)9bA | BHCKS480    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)9bA should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks480 ge 0 or bhcks480 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7027        | HC-R(II)9bB | BHCKS481    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if the sum of HC-R(II)9bT and HC-R(II)9bU is greater than 0, then HC-R(II)9bB should not equal zero.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhcks483 + bhcks484) gt 0, then bhcks481 ne 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7029        | HC-R(II)9bB | BHCKS481    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)9bQ is equal to zero, then HC-R(II)9bA should equal HC-R(II)9bB.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcks482 eq 0, then bhcks480 eq bhcks481   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)9bQ | BHCKS482    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)9bQ should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks482 ge 0 or bhcks482 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)9bT | BHCKS483    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)9bT should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks483 ge 0 or bhcks483 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)9bU | BHCKS484    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)9bU should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks484 ge 0 or bhcks484 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)9cA | BHCKS485    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)9cA should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks485 ge 0 or bhcks485 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7038        | HC-R(II)9cB | BHCKS486    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if the sum of HC-R(II)9cT and HC-R(II)9cU is greater than 0, then HC-R(II)9cB should not equal 0.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhcks488 + bhcks489) gt 0, then bhcks486 ne 0   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7039        | HC-R(II)9cB | BHCKS486    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)9cQ is equal to zero, then HC-R(II)9cA should equal HC-R(II)9cB.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcks487 eq 0, then bhcks485 eq bhcks486   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)9cQ | BHCKS487    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)9cQ should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks487 ge 0 or bhcks487 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)9cT | BHCKS488    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)9cT should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks488 ge 0 or bhcks488 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)9cU | BHCKS489    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)9cU should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks489 ge 0 or bhcks489 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)9dA | BHCKS490    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)9dA should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks490 ge 0 or bhcks490 eq null   |

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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7042        | HC-R(II)9dB | BHCKS491    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if the sum of HC-R(II)9dT and HC-R(II)9dU is greater than 0, then HC-R(II)9dB should not be zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhcks493 + bhcks494) gt 0, then bhcks491 ne 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7045        | HC-R(II)9dB | BHCKS491    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)9dQ is equal to zero, then HC-R(II)9dA should be equal to HC-R(II)9dB                 | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcks492 eq 0, then bhcks490 eq bhcks491       |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)9dQ | BHCKS492    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)9dQ should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks492 ge 0 or bhcks492 eq null                 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)9dT | BHCKS493    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)9dT should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks493 ge 0 or bhcks493 eq null                 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)9dU | BHCKS494    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)9dU should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks494 ge 0 or bhcks494 eq null                 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)10A | BHCKS495    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)10A should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks495 ge 0 or bhcks495 eq null                 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7047        | HC-R(II)10B | BHCKS496    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if the sum of HC-R(II)10T and HC-R(II)10U is greater than 0, then HC-R(II)10B should not equal 0 | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhcks498 + bhcks499) gt 0, then bhcks496 ne 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7049        | HC-R(II)10B | BHCKS496    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)10Q is equal to zero, then HC-R(II)10A should equal HC-R(II)10B                       | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhcks497 eq 0, then bhcks495 eq bhcks496       |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)10Q | BHCKS497    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)10Q should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks497 ge 0 or bhcks497 eq null                 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)10T | BHCKS498    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)10T should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks498 ge 0 or bhcks498 eq null                 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)10U | BHCKS499    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)10U should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks499 ge 0 or bhcks499 eq null                 |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)11A | BHCT2170    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)11A should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhct2170 ge 0 or bhct2170 eq null                 |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)11C | BHCKD987    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)11C should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd987 ge 0 or bhckd987 eq null                 |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)11D | BHCKHJ90    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)11D should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckhj90 ge 0 or bhckhj90 eq null                 |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)11E | BHCKHJ91    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)11E should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckhj91 ge 0 or bhckhj91 eq null                 |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)11G | BHCKD988    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)11G should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckd988 ge 0 or bhckd988 eq null                 |









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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)17H  | BHCKG622    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)17H should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg622 ge 0 or bhckg622 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)17I  | BHCKG623    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)17I should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg623 ge 0 or bhckg623 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)17J  | BHCKS524    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)17J should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks524 ge 0 or bhcks524 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18aA | BHCKS525    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18aA should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks525 ge 0 or bhcks525 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18aB | BHCKS526    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18aB should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks526 ge 0 or bhcks526 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18aC | BHCKS527    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18aC should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks527 ge 0 or bhcks527 eq null   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18aD | BHCKHJ96    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18aD should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckhj96 ge 0 or bhckhj96 eq null   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18aE | BHCKHJ97    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18aE should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckhj97 ge 0 or bhckhj97 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18aG | BHCKS528    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18aG should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks528 ge 0 or bhcks528 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18aH | BHCKS529    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18aH should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks529 ge 0 or bhcks529 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18aI | BHCKS530    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18aI should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks530 ge 0 or bhcks530 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18aJ | BHCKS531    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18aJ should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks531 ge 0 or bhcks531 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18aR | BHCKH303    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18aR should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh303 ge 0 or bhckh303 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18aS | BHCKH304    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18aS should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh304 ge 0 or bhckh304 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6940        | HC-R(II)18aR | BHCKH303    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)18aR is greater than zero then HC-R(II)18aR should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh304 gt 0 then bhckh303 gt 0 |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Quality   | 6941        | HC-R(II)18aS | BHCKH304    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)18aR is greater than zero then HC-R(II)18aS should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh303 gt 0 then bhckh304 gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18aA | BHCKG624    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18aA should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg624 ge 0 or bhckg624 eq null   |

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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18bC | BHCKG626    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18bC should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg626 ge 0 or bhckg626 eq null   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18bD | BHCKHJ98    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18bD should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh98 ge 0 or bhckh98 eq null     |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18bE | BHCKHJ99    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18bE should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh99 ge 0 or bhckh99 eq null     |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18bG | BHCKG627    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18bG should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg627 ge 0 or bhckg627 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18bH | BHCKG628    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18bH should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg628 ge 0 or bhckg628 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18bI | BHCKG629    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18bI should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg629 ge 0 or bhckg629 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18bJ | BHCKS539    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18bJ should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks539 ge 0 or bhcks539 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18bR | BHCKH307    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18bR should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh307 ge 0 or bhckh307 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)18bS | BHCKH308    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)18bS should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh308 ge 0 or bhckh308 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6942        | HC-R(II)18bR | BHCKH307    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)18bS is greater than zero then HC-R(II)18bR should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh308 gt 0 then bhckh307 gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 6944        | HC-R(II)18bS | BHCKH308    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)18bR is greater than zero then HC-R(II)18bS should be greater than zero | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if bhckh307 gt 0 then bhckh308 gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)19A  | BHCKS540    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)19A should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks540 ge 0 or bhcks540 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)20C  | BHCKS543    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)20C should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks543 ge 0 or bhcks543 eq null   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)20D  | BHCKHK00    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)20D should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckhk00 ge 0 or bhckhk00 eq null   |
| FRY9C  | 20170331             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)20E  | BHCKHK01    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)20E should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckhk01 ge 0 or bhckhk01 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)20F  | BHCKS544    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)20F should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks544 ge 0 or bhcks544 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)20G  | BHCKS545    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)20G should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks545 ge 0 or bhcks545 eq null   |



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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)22H | BHCKH195    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)22H should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh195.ge 0 or bhckh195 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)22I | BHCKH196    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)22I should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh196.ge 0 or bhckh196 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)22J | BHCKH197    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)22J should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh197.ge 0 or bhckh197 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)22O | BHCKH198    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)22O should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh198.ge 0 or bhckh198 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)22P | BHCKH199    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)22P should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh199.ge 0 or bhckh199 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)22Q | BHCKH200    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)22Q should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckh200.ge 0 or bhckh200 eq null  |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Quality   | 7847        | HC-R(II)23K | BHCKS562    | For non-advanced approaches HCs, HC-R(II)23K should be null.  | For non-advanced approaches HCs, bhckks562 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7057        | HC-R(II)26  | BHCKS580    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if the sum of HC-R(II)27, HC-R(II)10b, HC-R(II)11, HC-R(II)13 through HC-R(II)17, HC-R(II)24 and HC-R(II)33 equal 0, then HC-R(II)26 should equal HC-R(II)28   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (BHCKKS581 + BHCAP850 + BHCAP851 + BHCAP853 + BHCAP854 + BHCAP855 + BHCAP856 + BHCAP857 + BHCAP864 + BHCAP872) eq 0 then BHCKS580 eq BHCKK8704  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-R(II) | Quality   | 7059        | HC-R(II)26  | BHCKS580    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)10b is not equal to zero then HC-R(II)26 should be greater than or equal to the sum of [HC-R(II)2b through HC-R(II)20 only column S; HC-R(II)9a through Q; and HC-R(II)11, HC-R(II)13 through HC-R(II)16, HC-R(II)24, and HC-R(II)33] and HC-R(II)26 should be less than or equal to the sum of [HC-R(II)2b through HC-R(II)20 only column S; HC-R(II)9a through Q; columns T and U; HC-R(II)25, columns C through Q; and HC-R(II)11, HC-R(II)13 through HC-R(II)16, HC-R(II)24, HC-R(II)33 and HC-R(II)10b]. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-R(II)10b is not equal to zero then HC-R(II)26 should be greater than or equal to the sum of [HC-R(II)2b through HC-R(II)20 only column S; HC-R(II)9a through Q; and HC-R(II)11, HC-R(II)13 through HC-R(II)16, HC-R(II)24, and HC-R(II)33] and HC-R(II)26 should be less than or equal to the sum of [HC-R(II)2b through HC-R(II)20 only column S; HC-R(II)9a through Q; columns T and U; HC-R(II)25, columns C through Q; and HC-R(II)11, HC-R(II)13 through HC-R(II)16, HC-R(II)24, HC-R(II)33 and HC-R(II)10b]. |



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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7058        | HC-R(II)26  | BHCKS580    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)26 should be greater than zero.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks580 ge 0.   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)27  | BHCKS581    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)27 should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks581 ge 0 or bhcks581 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7035        | HC-R(II)29  | BHCKA222    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-4c and HC-G3 minus HI-B(II)Mem1 should equal the sum of HC-R(II)30a and HC-R(II)29                                    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhck3123 + bhckb557 - bhckc435) eq (bhca5310 + bhcka222)  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)29  | BHCKA222    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)29 should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcka222 ge 0 or bhcka222 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7062        | HC-R(II)29  | BHCKA222    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if HC-4c minus HI-B(II)M.1 plus HC-G3 is less than 1.25% of HC-R(II)26 then HC-R(II)29 should equal zero and should not be null | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhck3123-bhckc435+ bhckb557) lt (bhcks580*.0125), then bhcka222 eq 0 and bhcka222 ne null                   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7040        | HC-R(II)30  | BHCK3128    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HI-B(II)M1 should be less than or equal to HC-R(II)30.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckc435 le bhck3128   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)30  | BHCK3128    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)30 should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhck3128 ge 0 or bhck3128 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 8200        | HC-R(II)25D | BHCKS569    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)25D should equal HC-R(II)23D multiplied by 2%. (+/-)  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks569 le ((bhcks558 *.02) + 2) and bhcks569 ge ((bhcks558 *.02) - 2)                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7046        | HC-R(II)25E | BHCKS570    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)25E should equal HC-R(II)23E multiplied by 4%. (+/-)  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks570 le ((bhcks559 *.04) + 2) and bhcks570 ge ((bhcks559 *.04) - 2)                                      |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 8210        | HC-R(II)25F | BHCKS571    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)25F should equal HC-R(II)23F multiplied by 10%. (+/-)   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks571 le ((bhckg631 *.2) + 2) and bhckg631 ge ((bhckg631 *.2) - 2)  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7048        | HC-R(II)25G | BHCKG635    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)25G should equal HC-R(II)23G multiplied by 20%. (+/-)   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg635 le ((bhckg632 *.5) + 2) and bhckg635 ge ((bhckg632 *.5) - 2)  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 8220        | HC-R(II)25H | BHCKG636    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)25H should equal HC-R(II)23H multiplied by 50%. (+/-)   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg636 le ((bhckg632 *.5) + 2) and bhckg636 ge ((bhckg632 *.5) - 2)  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 8230        | HC-R(II)25I | BHCKS572    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)25I should equal HC-R(II)23I multiplied by 150%. (+/-)  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks572 le ((bhcks561 *.15) + 2) and bhcks572 ge ((bhcks561 *.15) - 2)                                      |
| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Quality   | 8230        | HC-R(II)25K | BHCKS573    | For advanced approaches HCs and advanced approaches that don't calculate risk-weighted assets per advanced approaches risk-based capital rule only, HC-R(II)25K should equal HC-R(II)23K multiplied by 250%. (+/-)                             | For advanced approaches HCs and advanced approaches that don't calculate risk-weighted assets per advanced approaches risk-based capital rule only, bhcks573 le ((bhcks562 *.25) + 2) and bhcks573 ge ((bhcks562 *.25) - 2) |

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| FRY9C  | 20180331             | 99991231           | No Change   | HC-R(II) | Quality   | 7851        | HC-R(II)25K  | BHCK573     | For non-advanced approaches HCs, HC-R(II)25K should be null.   | For non-advanced approaches HCs, bhcks573 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7051        | HC-R(II)25I  | BHCK574     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)25I should equal HC-R(II)23L multiplied by 300%. (+/-)  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks574 le ((bhcks563 * 3) + 2) and bhcks574 ge ((bhcks563 * 3) - 2)  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7052        | HC-R(II)25M  | BHCK575     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)25M should equal HC-R(II)23M multiplied by 400%. (+/-)  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks575 le ((bhcks564 * 4) - 2)   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 8240        | HC-R(II)25N  | BHCK576     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)25N should equal HC-R(II)23N multiplied by 600%. (+/-)  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks576 le ((bhcks565 * 6) + 2) and bhcks576 ge ((bhcks565 * 6) - 2)  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7054        | HC-R(II)25O  | BHCK577     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)25O should equal HC-R(II)23O multiplied by 625%. (+/-)  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks577 le ((bhcks566 * 6.25) + 2) and bhcks577 ge ((bhcks566 * 6.25) - 2)  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 8250        | HC-R(II)25P  | BHCK578     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)25P should equal HC-R(II)23P multiplied by 937.5%. (+/-)  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks578 le ((bhcks567 * 9.375) + 2) and bhcks578 ge ((bhcks567 * 9.375) - 2)  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7056        | HC-R(II)25Q  | BHCK579     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)25Q should equal HC-R(II)23Q multiplied by 1250%. (+/-)   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks579 le ((bhcks568 * 12.5) + 2) and bhcks579 ge ((bhcks568 * 12.5) - 2)  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7060        | HC-R(II)M1   | BHCKG642    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M1 should be less than or equal to the sum of HC-L14a1 and HC-L14b1 (Columns A through D).  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg642 le (bhck8733 + bhck8734 + bhck8735 + bhck8736 + bhck8741 + bhck8742 + bhck8743 + bhck8744)  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M1   | BHCKG642    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M1 should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckg642 ge 0 or bhckg642 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2a  | BHCK582     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2a should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks582 ge 0 or bhcks582 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2aB | BHCK583     | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2aB should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks583 ge 0 or bhcks583 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7065        | HC-R(II)M3aC | BHCK5605    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)M2aA through HC-R(II)M2aC and HC-R(II)M3aA through HC-R(II)M3aC should be less than or equal to the sum of HC-L11aA, HC-L11bA, HC-L11c2A, HC-L11d2A and HC-L11eA.                              | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks582 + bhcks583 + bhcks584 + bhcks603 + bhcks604 + bhcks605) le (bhck8693 + bhck8697 + bhck8705 + bhck8713 + bhck8715)                |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7067        | HC-R(II)M3aC | BHCK5605    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if the sum of HC-L11aA, HC-L11bA, HC-L11c2A, HC-L11d2A and HC-L11eA is greater than zero then the sum of HC-R(II)M2aA through HC-R(II)M2aC and HC-R(II)M3aA through HC-R(II)M3aC should be greater than zero. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhck8693 + bhck8697 + bhck8705 + bhck8713 + bhck8715) gt 0 then (bhcks582 + bhcks583 + bhcks584 + bhcks603 + bhcks604 + bhcks605) gt 0 |

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| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2aC | BHCKS584    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2aC should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks584.ge 0 or bhcks584 eq null              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2bA | BHCKS585    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2bA should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks585.ge 0 or bhcks585 eq null              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2bB | BHCKS586    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2bB should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks586.ge 0 or bhcks586 eq null              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2bC | BHCKS587    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2bC should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks587.ge 0 or bhcks587 eq null              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2cA | BHCKS588    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2cA should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks588.ge 0 or bhcks588 eq null              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2cB | BHCKS589    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2cB should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks589.ge 0 or bhcks589 eq null              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7069        | HC-R(II)M2cB | BHCKS589    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, the sum of HC-R(II)M2cB and HC-R(II)M3cB should be less than or equal to HC-L7d2aB + HC-L7d1aB              | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks589 + bhcks610) le (bhckg413 + bhckg407) |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7080        | HC-R(II)M2cC | BHCKS590    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, the sum of HC-R(II)M2cC and HC-R(II)M3cC should be less than or equal to the sum of HC-L7d2aC and HC-L7d1aC | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks590 + bhckg611) le (bhckg414 + bhckg408) |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2cC | BHCKS590    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2cC should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks590.ge 0 or bhcks590 eq null              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7083        | HC-R(II)M2dA | BHCKS591    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, the sum of HC-R(II)M2dA and HC-R(II)M3dA should be less than or equal to HC-L7d2bA + HC-L7d1bA              | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks591 + bhckg612) le (bhckg415 + bhckg409) |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2dA | BHCKS591    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2dA should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks591.ge 0 or bhcks591 eq null              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2dB | BHCKS592    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2dB should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks592.ge 0 or bhcks592 eq null              |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7084        | HC-R(II)M2dB | BHCKS592    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, the sum of HC-R(II)M2dB and HC-R(II)M3dB should be less than or equal to the sum of HC-L7d2bB and HC-L7d1bB | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks592 + bhcks613) le (bhckg416 + bhckg410) |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2dC | BHCKS593    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2dC should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks593.ge 0 or bhcks593 eq null              |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|--------------|-------------|--|--|
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7085        | HC-R(II)M2dC | BHCKS593    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, the sum of HC-R(II)M2dC and HC-R(II)M3dC should be less than or equal to the sum of HC-L7d2bC and HC-L7d1bC.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckS593 + bhckS614) le (bhckg417 + bhckg411)  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2eA | BHCKS594    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2eA should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckS594 ge 0 or bhckS594 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2eB | BHCKS595    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2eB should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckS595 ge 0 or bhckS595 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7075        | HC-R(II)M3gC | BHCKS623    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)M2bA through HC-R(II)M2bC, HC-R(II)M2fA through HC-R(II)M2gC, HC-R(II)M3bA through HC-R(II)M3bC, and HC-R(II)M3fA through HC-R(II)M3gC should be less than or equal to the sum of HC-L11aB, HC-L11bB, HC-L11c2B, HC-L11d2B, HC-L11eB, HC-L11aD, HC-L11bD, HC-L11c2D, HC-L11d2D and HC-L11eD.                               | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckS585 + bhckS586 + bhckS587 + bhckS597 + bhckS598 + bhckS599 + bhckS600 + bhckS601 + bhckS602 + bhckS606 + bhckS607 + bhckS608 + bhckS618 + bhckS619 + bhckS620 + bhckS621 + bhckS622 + bhckS623) le (bhck8694 + bhck8698 + bhck8706 + bhck8714 + bhck3826 + bhck8696 + bhck8700 + bhck8708 + bhck8716 + bhck8720)                |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7077        | HC-R(II)M3gC | BHCKS623    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if the sum of HC-L11aB, HC-L11bB, HC-L11c2B, HC-L11d2B, HC-L11eB, HC-L11aD, HC-L11bD, HC-L11c2D, HC-L11d2D and HC-L11eD is greater than zero, then the sum of HC-R(II)M2bA through HC-R(II)M2bC, HC-R(II)M2fA through HC-R(II)M2gC, HC-R(II)M3bA through HC-R(II)M3bC, and HC-R(II)M3fA through HC-R(II)M3gC should be greater than zero. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhck8694 + bhck8698 + bhck8706 + bhck8714 + bhck3826 + bhck8696 + bhck8700 + bhck8708 + bhck8716 + bhck8720) gt 0 then (bhckS585 + bhckS586 + bhckS587 + bhckS597 + bhckS598 + bhckS599 + bhckS600 + bhckS601 + bhckS602 + bhckS606 + bhckS607 + bhckS608 + bhckS618 + bhckS619 + bhckS620 + bhckS621 + bhckS622 + bhckS623) gt 0 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2eC | BHCKS596    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2eC should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckS596 ge 0 or bhckS596 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2fA | BHCKS597    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2fA should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckS597 ge 0 or bhckS597 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2fB | BHCKS598    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2fB should not be negative.  | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhckS598 ge 0 or bhckS598 eq null   |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7091        | HC-R(II)M3eC | BHCKS617    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if the sum of HC-L11aC, HC-L11bC, HC-L11c2C, HC-L11d2C and HC-L11eC is greater than zero, then sum of HC-R(II)M2eA through HC-R(II)M2eC and R(II)M3eA through HC-R(II)M3eC should be greater than zero.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, if (bhck8695 + bhck8699 + bhck8707 + bhck8715 + bhck8719) gt 0 then (bhckS594 + bhckS595 + bhckS596 + bhckS615 + bhckS616 + bhckS617) gt 0  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7095        | HC-R(II)M3eC | BHCKS617    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)M2eA through HC-R(II)M2eC and R(II)M3eA through HC-R(II)M3eC should be less than or equal to the sum of HC-L11aC, HC-L11bC, HC-L11c2C, HC-L11d2C and HC-L11eC.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhckS594 + bhckS595 + bhckS596 + bhckS615 + bhckS616 + bhckS617) le (bhck8695 + bhck8699 + bhck8707 + bhck8715 + bhck8719)   |

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|--------|----------------------|--------------------|-------------|----------|-----------|-------------|--------------|-------------|---|---|
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2fC | BHCKS599    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2fC should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks599.ge 0 or bhcks599 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2gA | BHCKS600    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2gA should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks600.ge 0 or bhcks600 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2gB | BHCKS601    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2gB should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks601.ge 0 or bhcks601 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M2gC | BHCKS602    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M2gC should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks602.ge 0 or bhcks602 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M3aA | BHCKS603    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3aA should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks603.ge 0 or bhcks603 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M3aB | BHCKS604    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3aB should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks604.ge 0 or bhcks604 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 7097        | HC-R(II)M3dC | BHCKS614    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, Sum of HC-R(II)M2cA through HC-R(II)M2dC and HC-R(II)M3cA through HC-R(II)M3dC should be between 75% and 100% of the sum of HC-L7c1b, HC-L7c1a, HC-L7c2a and HC-L7c2c. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, (bhcks588 + bhcks589 + bhcks590 + bhcks591 + bhcks592 + bhcks593 + bhcks599 + bhcks609 + bhcks610 + bhcks611 + bhcks612 + bhcks613 + bhcks614) / (bhckg402 + bhckg401 + bhckg403 + bhckg405) * .75 |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M3aC | BHCKS605    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3aC should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks605.ge 0 or bhcks605 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M3bA | BHCKS606    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3bA should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks606.ge 0 or bhcks606 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M3bB | BHCKS607    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3bB should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks607.ge 0 or bhcks607 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M3bC | BHCKS608    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3bC should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks608.ge 0 or bhcks608 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M3cA | BHCKS609    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3cA should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks609.ge 0 or bhcks609 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M3cB | BHCKS610    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3cB should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks610.ge 0 or bhcks610 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M3cC | BHCKS611    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3cC should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks611.ge 0 or bhcks611 eq null  |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality   | 9550        | HC-R(II)M3dA | BHCKS612    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3dA should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks612.ge 0 or bhcks612 eq null  |



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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|--------------|-------------|---|--|
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality     | 9550        | HC-R(II)M3dB | BHCKS613    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3dB should not be negative. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks613 ge 0 or bhcks613 eq null |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality     | 9550        | HC-R(II)M3dC | BHCKS614    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3dC should not be negative. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks614 ge 0 or bhcks614 eq null |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality     | 9550        | HC-R(II)M3eA | BHCKS615    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3eA should not be negative. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks615 ge 0 or bhcks615 eq null |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality     | 9550        | HC-R(II)M3eB | BHCKS616    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3eB should not be negative. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks616 ge 0 or bhcks616 eq null |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality     | 9550        | HC-R(II)M3eC | BHCKS617    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3eC should not be negative. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks617 ge 0 or bhcks617 eq null |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality     | 9550        | HC-R(II)M3fA | BHCKS618    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3fA should not be negative. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks618 ge 0 or bhcks618 eq null |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality     | 9550        | HC-R(II)M3fB | BHCKS619    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3fB should not be negative. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks619 ge 0 or bhcks619 eq null |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality     | 9550        | HC-R(II)M3fC | BHCKS620    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3fC should not be negative. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks620 ge 0 or bhcks620 eq null |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality     | 9550        | HC-R(II)M3gA | BHCKS621    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3gA should not be negative. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks621 ge 0 or bhcks621 eq null |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality     | 9550        | HC-R(II)M3gB | BHCKS622    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3gB should not be negative. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks622 ge 0 or bhcks622 eq null |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality     | 9550        | HC-R(II)M3gC | BHCKS623    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M3gC should not be negative. | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks623 ge 0 or bhcks623 eq null |
| FRY9C  | 20160930             | 99991231           | No Change   | HC-R(II) | Quality     | 9550        | HC-R(II)M4   | BHCKS624    | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, HC-R(II)M4 should not be negative.   | For BHCs, SHCs, IHCs, Non-Bank IHCs, Non-BHC IHCs and covered SLHCs as defined by the final capital rule only, bhcks624 ge 0 or bhcks624 eq null |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7190        | HC-S1A       | BHCKB705    | If HC-S1 (column A) (previous) is greater than zero, then HC-S1 (column A) (current) should be greater than zero.                                   | if bhckb705-q2 gt 0 then bhckb705-q1 gt 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7190        | HC-S1B       | BHCKB706    | If HC-S1 (column B) (previous) is greater than zero, then HC-S1 (column B) (current) should be greater than zero.                                   | if bhckb706-q2 gt 0 then bhckb706-q1 gt 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7190        | HC-S1C       | BHCKB707    | If HC-S1 (column C) (previous) is greater than zero, then HC-S1 (column C) (current) should be greater than zero.                                   | if bhckb707-q2 gt 0 then bhckb707-q1 gt 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7190        | HC-S1D       | BHCKB708    | If HC-S1 (column D) (previous) is greater than zero, then HC-S1 (column D) (current) should be greater than zero.                                   | if bhckb708-q2 gt 0 then bhckb708-q1 gt 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7190        | HC-S1E       | BHCKB709    | If HC-S1 (column E) (previous) is greater than zero, then HC-S1 (column E) (current) should be greater than zero.                                   | if bhckb709-q2 gt 0 then bhckb709-q1 gt 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7190        | HC-S1F       | BHCKB710    | If HC-S1 (column F) (previous) is greater than zero, then HC-S1 (column F) (current) should be greater than zero.                                   | if bhckb710-q2 gt 0 then bhckb710-q1 gt 0  |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|--|---|
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7190        | HC-S1G      | BHCKB711    | If HC-S1 (column G) (previous) is greater than zero, then HC-S1 (column G) (current) should be greater than zero.  | if bhckb711-q2 gt 0 then bhckb711-q1 gt 0   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-S     | Intraseries | 7222        | HC-S2A      | BHCKHU09    | if HC-S2A (previous) is greater than zero, then HC-S2A (current) should be greater than zero.  | if bhckhu09-q2 gt 0 then bhckhu09-q1 gt 0   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-S     | Intraseries | 7222        | HC-S2B      | BHCKHU10    | if HC-S2B (previous) is greater than zero, then HC-S2B (current) should be greater than zero.  | if bhckhu10-q2 gt 0 then bhckhu10-q1 gt 0   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-S     | Intraseries | 7222        | HC-S2C      | BHCKHU11    | if HC-S2C (previous) is greater than zero, then HC-S2C (current) should be greater than zero.  | if bhckhu11-q2 gt 0 then bhckhu11-q1 gt 0   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-S     | Intraseries | 7222        | HC-S2D      | BHCKHU12    | if HC-S2D (previous) is greater than zero, then HC-S2D (current) should be greater than zero.  | if bhckhu12-q2 gt 0 then bhckhu12-q1 gt 0   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-S     | Intraseries | 7222        | HC-S2E      | BHCKHU13    | if HC-S2E (previous) is greater than zero, then HC-S2E (current) should be greater than zero.  | if bhckhu13-q2 gt 0 then bhckhu13-q1 gt 0   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-S     | Intraseries | 7222        | HC-S2F      | BHCKHU14    | if HC-S2F (previous) is greater than zero, then HC-S2F (current) should be greater than zero.  | if bhckhu14-q2 gt 0 then bhckhu14-q1 gt 0   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-S     | Intraseries | 7222        | HC-S2G      | BHCKHU15    | if HC-S2G (previous) is greater than zero, then HC-S2G (current) should be greater than zero.  | if bhckhu15-q2 gt 0 then bhckhu15-q1 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7234        | HC-S3A      | BHCKB726    | If HC-S3 (column A) (previous) is greater than zero, then HC-S3 (column A) (current) should be greater than zero.  | if bhckb726-q2 gt 0 then bhckb726-q1 gt 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7234        | HC-S3B      | BHCKB727    | if HC-S3 (column B) (previous) is greater than zero, then HC-S3 (column B) (current) should be greater than zero.  | if bhckb727-q2 gt 0 then bhckb727-q1 gt 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7234        | HC-S3C      | BHCKB728    | if HC-S3 (column C) (previous) is greater than zero, then HC-S3 (column C) (current) should be greater than zero.  | if bhckb728-q2 gt 0 then bhckb728-q1 gt 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7234        | HC-S3D      | BHCKB729    | if HC-S3 (column D) (previous) is greater than zero, then HC-S3 (column D) (current) should be greater than zero.  | if bhckb729-q2 gt 0 then bhckb729-q1 gt 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7234        | HC-S3E      | BHCKB730    | if HC-S3 (column E) (previous) is greater than zero, then HC-S3 (column E) (current) should be greater than zero.  | if bhckb730-q2 gt 0 then bhckb730-q1 gt 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7234        | HC-S3F      | BHCKB731    | if HC-S3 (column F) (previous) is greater than zero, then HC-S3 (column F) (current) should be greater than zero.  | if bhckb731-q2 gt 0 then bhckb731-q1 gt 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7234        | HC-S3G      | BHCKB732    | if HC-S3 (column G) (previous) is greater than zero, then HC-S3 (column G) (current) should be greater than zero.  | if bhckb732-q2 gt 0 then bhckb732-q1 gt 0   |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7270        | HC-S5aA     | BHCKB747    | For June, September, and December, if HC-S1 (column A) (current) is greater than or equal to HC-S1 (column A) (previous), then HC-S5a (column A) (current) should be greater than or equal to HC-S5a (column A) (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) |

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| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7270        | HC-S5aB     | BHCKB748    | For June, September, and December, if HC-S1 (column B) (current) is greater than or equal to HC-S1 (column B) (previous), then HC-S5a (column B) (current) should be greater than or equal to HC-S5a (column B) (previous-2).   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb706-qi ge bhckb706-q2) then (bhckb748-q1 ge bhckb748-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7270        | HC-S5aC     | BHCKB749    | For June, September, and December, if HC-S1 (column C) (current) is greater than or equal to HC-S1 (column C) (previous), then HC-S5a (column C) (current) should be greater than or equal to HC-S5a (column C) (previous-2).   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb707-qi ge bhckb707-q2) then (bhckb749-q1 ge bhckb749-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7270        | HC-S5aD     | BHCKB750    | For June, September, and December, if HC-S1 (column D) (current) is greater than or equal to HC-S1 (column D) (previous), then HC-S5a (column D) (current) should be greater than or equal to HC-S5a (column D) (previous-2).   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb708-qi ge bhckb708-q2) then (bhckb750-q1 ge bhckb750-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7270        | HC-S5aE     | BHCKB751    | For June, September, and December, if HC-S1 (column E) (current) is greater than or equal to HC-S1 (column E) (previous), then HC-S5a (column E) (current) should be greater than or equal to HC-S5a (column E) (previous-2).   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb709-qi ge bhckb709-q2) then (bhckb751-q1 ge bhckb751-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7270        | HC-S5aF     | BHCKB752    | For June, September, and December, if HC-S1 (column F) (current) is greater than or equal to HC-S1 (column F) (previous), then HC-S5a (column F) (current) should be greater than or equal to HC-S5a (column F) (previous-2).   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb710-qi ge bhckb710-q2) then (bhckb752-q1 ge bhckb752-q2 - 2) |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7270        | HC-S5aG     | BHCKB753    | For June, September, and December, if HC-S1 (column G) (current) is greater than or equal to HC-S1 (column G) (previous), then HC-S5a (column G) (current) should be greater than or equal to HC-S5a (column G) (previous-2).   | if (mm-q1 eq 06 or mm-q1 eq 09 or mm-q1 eq 12) and (bhckb711-qi ge bhckb711-q2) then (bhckb753-q1 ge bhckb753-q2 - 2) |
| FRY9C  | 20150331             | 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-qi ge bhckb705-q2) then (bhckb754-q1 ge bhckb754-q2 - 2) |
| FRY9C  | 20150331             | 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-qi ge bhckb706-q2) then (bhckb755-q1 ge bhckb755-q2 - 2) |
| FRY9C  | 20150331             | 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-qi ge bhckb707-q2) then (bhckb756-q1 ge bhckb756-q2 - 2) |
| FRY9C  | 20150331             | 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-qi ge bhckb708-q2) then (bhckb757-q1 ge bhckb757-q2 - 2) |

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|--------|----------------------|--------------------|-------------|----------|-------------|-------------|-------------|-------------|---|---|
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7275        | HC-S5DE     | BHCKB758    | For June, September, and December, if HC-S1 (column 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  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7275        | HC-S5BF     | BHCKB759    | For June, September, and December, if HC-S1 (column 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  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7275        | HC-S5BG     | BHCKB760    | For June, September, and December, if HC-S1 (column 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  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7351        | HC-S9A      | BHCKB776    | If HC-S9 (column A) (previous) is greater than zero, then HC-S9 (column A) (current) should be greater than zero.   | if bhckb776-q2 gt 0 then bhckb776-q1 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7351        | HC-S9D      | BHCKB779    | If HC-S9 (column D) (previous) is greater than zero, then HC-S9 (column D) (current) should be greater than zero.   | if bhckb779-q2 gt 0 then bhckb779-q1 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7351        | HC-S9E      | BHCKB780    | If HC-S9 (column E) (previous) is greater than zero, then HC-S9 (column E) (current) should be greater than zero.   | if bhckb780-q2 gt 0 then bhckb780-q1 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7351        | HC-S9F      | BHCKB781    | If HC-S9 (column F) (previous) is greater than zero, then HC-S9 (column F) (current) should be greater than zero.   | if bhckb781-q2 gt 0 then bhckb781-q1 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7351        | HC-S9G      | BHCKB782    | If HC-S9 (column G) (previous) is greater than zero, then HC-S9 (column G) (current) should be greater than zero.   | if bhckb782-q2 gt 0 then bhckb782-q1 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7355        | HC-S10A     | BHCKB783    | If HC-S10 (column A) (previous) is greater than zero, then HC-S10 (column A) (current) should be greater than zero.   | if bhckb783-q2 gt 0 then bhckb783-q1 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7355        | HC-S10D     | BHCKB786    | If HC-S10 (column D) (previous) is greater than zero, then HC-S10 (column D) (current) should be greater than zero.   | if bhckb786-q2 gt 0 then bhckb786-q1 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7355        | HC-S10E     | BHCKB787    | If HC-S10 (column E) (previous) is greater than zero, then HC-S10 (column E) (current) should be greater than zero.   | if bhckb787-q2 gt 0 then bhckb787-q1 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7355        | HC-S10F     | BHCKB788    | If HC-S10 (column F) (previous) is greater than zero, then HC-S10 (column F) (current) should be greater than zero.   | if bhckb788-q2 gt 0 then bhckb788-q1 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7355        | HC-S10G     | BHCKB789    | If HC-S10 (column G) (previous) is greater than zero, then HC-S10 (column G) (current) should be greater than zero.   | if bhckb789-q2 gt 0 then bhckb789-q1 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7361        | HC-S11A     | BHCKB790    | If HC-S11 (column A) (previous) is greater than zero, then HC-S11 (column A) (current) should be greater than zero.   | if bhckb790-q2 gt 0 then bhckb790-q1 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Intraseries | 7361        | HC-S11G     | BHCKB796    | If HC-S11 (column G) (previous) is greater than zero, then HC-S11 (column G) (current) should be greater than zero.   | if bhckb796-q2 gt 0 then bhckb796-q1 gt 0   |

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| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | HC-S     | Quality     | 7373        | HC-S12A    | BHCKB797    | If HC-S11 (column A) is greater than \$100 thousand, HC-S12 (column A) should be greater than zero.   | if bhckb790 gt 100 then bhckb797 gt 0   |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Quality     | 7372        | HC-S12G    | BHCKB803    | HC-S12G should be less than or equal to HC-S11G.  | bhckb803 le bhckb796  |
| FRY9C  | 20150331             | 99991231           | No Change   | HC-S     | Quality     | 7373        | HC-S12G    | BHCKB803    | If HC-S11 (column G) is greater than \$100 thousand, HC-S12 (column G) should be greater than zero.   | if bhckb796 gt 100 then bhckb803 gt 0   |
| FRY9C  | 20150331             | 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 + bhckas591-q2) gt 10000 then (bhckb804-q1 + bhckb805-q1 + bhckas591-q1) gt 0   |
| FRY9C  | 20150331             | 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 + bhckas591) gt 0  |
| FRY9C  | 20150331             | 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 + bhckas591-q1) gt 0  |
| FRY9C  | 20150331             | 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  | 20150331             | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20180630             | 99991231           | No Change   | HC-V     | Quality     | 0432        | HC-V1aB    | BHCKJF84    | Sum of HC-V1aA and HC-V1aB should be less than or equal to the sum of HC-1a through HC-1b2.   | (bhckj981 + bhckjf84) le (bhck0081 + bhck0395 + bhck0397)   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-V     | Quality     | 9565        | HC-V1aB    | BHCKJF84    | HC-V1aB should not be null and should not be negative.  | bhckjf84 ne null and bhckjf84 ge 0  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-V     | Quality     | 9565        | HC-V2aA    | BHCKJF92    | HC-V2aA should not be null and should not be negative.  | bhckj92 ne null and bhckj92 ge 0  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-V     | Quality     | 9565        | HC-V2aB    | BHCKJF85    | HC-V2aB should not be null and should not be negative.  | bhckj85 ne null and bhckj85 ge 0  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-V     | Quality     | 9565        | HC-V2bA    | BHCKJF93    | HC-V2bA should not be null and should not be negative.  | bhckj93 ne null and bhckj93 ge 0  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-V     | Quality     | 9565        | HC-V2bB    | BHCKJF86    | HC-V2bB should not be null and should not be negative.  | bhckj86 ne null and bhckj86 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20180630             | 99991231           | No Change   | HC-V     | Quality     | 9565        | HC-V3B     | BHCKJF87    | HC-V3B should not be null and should not be negative.   | bhckj87 ne null and bhckj87 ge 0  |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20180630             | 99991231           | No Change   | HC-V     | Quality     | 9565        | HC-V4B     | BHCKJF88    | HC-V4B should not be null and should not be negative.   | bhckj88 ne null and bhckj88 ge 0  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-V     | Quality     | 9565        | HC-V1bA    | BHCKHU20    | HC-V1bA should not be null and should not be negative.  | bhckhu20 ne null and bhckhu20 ge 0  |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-V     | Quality     | 9565        | HC-V1bB    | BHCKHU21    | HC-V1bB should not be null and should not be negative.  | bhckhu21 ne null and bhckhu21 ge 0  |



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| FRY9C  | 20180630             | 99991231           | No Change   | HC-V                               | Quality   | 9565        | HC-V1cA     | BHCKHU22    | HC-V1cA should not be null and should not be negative.                                   | bhckhu22 ne null and bhckhu22 ge 0                                   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-V                               | Quality   | 9565        | HC-V1cB     | BHCKHU23    | HC-V1cB should not be null and should not be negative.                                   | bhckhu23 ne null and bhckhu23 ge 0                                   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-V                               | Quality   | 9565        | HC-V1dA     | BHCKK009    | HC-V1dA should not be null and should not be negative.                                   | bhckk009 ne null and bhckk009 ge 0                                   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-V                               | Quality   | 9565        | HC-V1dB     | BHCKJF89    | HC-V1dB should not be null and should not be negative.                                   | bhckjf89 ne null and bhckjf89 ge 0                                   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-V                               | Quality   | 9565        | HC-V1eA     | BHCKJF91    | HC-V1eA should not be null and should not be negative.                                   | bhckjf91 ne null and bhckjf91 ge 0                                   |
| FRY9C  | 20180630             | 99991231           | No Change   | HC-V                               | Quality   | 9565        | HC-V1eB     | BHCKJF90    | HC-V1eB should not be null and should not be negative.                                   | bhckjf90 ne null and bhckjf90 ge 0                                   |
| FRY9C  | 20180930             | 99991231           | No Change   | HC-V                               | Quality   | 9565        | HC-V5       | BHCKJF77    | HC-V5 should not be null and should not be negative.                                     | bhckjf77 ne null and bhckjf77 ge 0                                   |
| FRY9C  | 20180930             | 99991231           | No Change   | HC-V                               | Quality   | 9565        | HC-V6       | BHCKJF78    | HC-V6 should not be null and should not be negative.                                     | bhckjf78 ne null and bhckjf78 ge 0                                   |
| FRY9C  | 20150331             | 99991231           | No Change   | NBS-P                              | Quality   | 9570        | NBS-P1      | BHBC3516    | NBS-P1 should not be null and should not be negative.                                    | bhbc3516 ge 0 or bhbc3516 eq null                                    |
| FRY9C  | 20150331             | 99991231           | No Change   | NBS-P                              | Quality   | 9570        | NBS-P2      | BHBC3402    | NBS-P2 should not be null and should not be negative.                                    | bhbc3402 ge 0 or bhbc3402 eq null                                    |
| FRY9C  | 20150331             | 99991231           | No Change   | NBS-P                              | Quality   | 9570        | NBS-P3      | BHBC3368    | NBS-P3 should not be null and should not be negative.                                    | bhbc3368 ge 0 or bhbc3368 eq null                                    |
| FRY9C  | 20150331             | 99991231           | No Change   | NBS-P                              | Quality   | 9570        | NBS-P4      | BHBC3519    | NBS-P4 should not be null and should not be negative.                                    | bhbc3519 ge 0 or bhbc3519 eq null                                    |
| FRY9C  | 20150331             | 99991231           | No Change   | NIS-P                              | Quality   | 9330        | NIS-P7b     | BHBC216     | NIS-P7b should not be null and should not be negative.                                   | bhbcc216 ge 0 or bhbcc216 eq null                                    |
| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 99991231           | No Change   | 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          |
| FRY9C  | 20150331             | 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          |

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| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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 |
| FRY9C  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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 |

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| FRY9C  | 20150331             | 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  | 20150331             | 99991231           | No Change   | 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  | 20150331             | 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 |
| FRY9C  | 20150331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7625        | NBS13TX    | TEXTB034    | If text data is not equal to null, then financial data should not equal null or zero. | if textb034 ne null then bhckb034 ne null and bhckb034 ne 0 |
| FRY9C  | 20150331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7626        | NBS14      | BHCKB035    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb035 ne null and bhckb035 ne 0 then textb035 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7627        | NBS14TX    | TEXTB035    | If text data is not equal to null, then financial data should not equal null or zero. | if textb035 ne null then bhckb035 ne null and bhckb035 ne 0 |
| FRY9C  | 20150331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7628        | NBS15      | BHCKB036    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb036 ne null and bhckb036 ne 0 then textb036 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7629        | NBS15TX    | TEXTB036    | If text data is not equal to null, then financial data should not equal null or zero. | if textb036 ne null then bhckb036 ne null and bhckb036 ne 0 |
| FRY9C  | 20150331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7630        | NBS16      | BHCKB037    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb037 ne null and bhckb037 ne 0 then textb037 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7631        | NBS16TX    | TEXTB037    | If text data is not equal to null, then financial data should not equal null or zero. | if textb037 ne null then bhckb037 ne null and bhckb037 ne 0 |
| FRY9C  | 20150331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7632        | NBS17      | BHCKB038    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb038 ne null and bhckb038 ne 0 then textb038 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7633        | NBS17TX    | TEXTB038    | If text data is not equal to null, then financial data should not equal null or zero. | if textb038 ne null then bhckb038 ne null and bhckb038 ne 0 |
| FRY9C  | 20150331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7634        | NBS18      | BHCKB039    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb039 ne null and bhckb039 ne 0 then textb039 ne null |

Quality (Q) and Intraseries (I) Edits for the FRY-9C  
(Effective as of March 31, 2019)

| Series | Effective Start Date | Effective End Date | Edit Change | Schedule                           | Edit Type | Edit Number | Target Item | MDRM Number | Edit Test   | Alg Edit Test   |
|--------|----------------------|--------------------|-------------|------------------------------------|-----------|-------------|-------------|-------------|---|---|
| FRY9C  | 20150331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7635        | NBS18TX     | TEXTB039    | If text data is not equal to null, then financial data should not equal null or zero. | if textb039 ne null then bhckb039 ne null and bhckb039 ne 0 |
| FRY9C  | 20150331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7636        | NBS19       | BHCKB040    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb040 ne null and bhckb040 ne 0 then textb040 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7637        | NBS19TX     | TEXTB040    | If text data is not equal to null, then financial data should not equal null or zero. | if textb040 ne null then bhckb040 ne null and bhckb040 ne 0 |
| FRY9C  | 20150331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7638        | NBS20       | BHCKB041    | If financial data is not equal to null or zero, then text data should not be null.    | if bhckb041 ne null and bhckb041 ne 0 then textb041 ne null |
| FRY9C  | 20150331             | 99991231           | No Change   | Notes to the Balance Sheet - Other | Quality   | 7639        | NBS20TX     | TEXTB041    | If text data is not equal to null, then financial data should not equal null or zero. | if textb041 ne null then bhckb041 ne null and bhckb041 ne 0 |