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Instructions for New and Revised Call Report Items for September 2006

SCHEDULE RC-M – MEMORANDA

Item No. Caption and Instructions

- 5 **Other borrowed money.** Report in the appropriate subitem the specified information about Federal Home Loan Bank advances to and other borrowings by the consolidated bank.

A fixed interest rate is a rate that is specified at the origination of the advance or other borrowing, is fixed and invariable during the term of the advance or other borrowing, and is known to both the bank and the creditor. Also treated as a fixed interest rate is a predetermined interest rate, which is a rate that changes on a predetermined basis during the term of the advance or other borrowing, with the exact rate of interest over the life of the advance or other borrowing known with certainty to both the bank and the creditor when the advance or other borrowing is originated.

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 to some other variable criterion the exact value of which cannot be known in advance. Therefore, the exact interest rate the advance or other borrowing carries at any subsequent time cannot be known at the time the advance or other borrowing is originated by the bank or subsequently renewed.

When the rate on an advance or other borrowing with a floating rate has reached a contractual floor or ceiling level, the advance or other borrowing is to be treated as "fixed rate" rather than as "floating rate" until the rate is again free to float.

Remaining maturity is amount of time remaining from the report date until the final contractual maturity of an advance or an other borrowing without regard to the advance's or the borrowing's repayment schedule, if any.

Next repricing date is (a) the date the interest rate on an advance or other borrowing with a floating rate can next change in accordance with the terms of the contract or (b) the contractual maturity date of the advance or other borrowing, whichever is earlier.

Advances and other borrowings with a fixed rate that are callable at the option of the Federal Home Loan Bank or other creditor should be reported according to their remaining maturity without regard to their next call date unless the advance or other borrowing has actually been called. When an advance or other borrowing with a fixed rate has been called, it should be reported based on the time remaining until the call date. Advances and other borrowings with a floating rate that are callable should be reported on the basis of their next repricing date without regard to their next call date unless the advance or other borrowing has actually been called. Advances and other borrowings with a floating rate that have been called should be reported on the basis of their next repricing date or their actual call date, whichever is earlier.

Advances and other borrowings with a fixed rate that are puttable at the option of the bank should be reported according to their remaining maturity without regard to put dates if the bank has not exercised the put. If a put on an advance or other borrowing with a fixed rate has been exercised but the advance or other borrowing has not yet been repaid, the advance or other borrowing should be reported based on the amount of time remaining until the actual put date. Advances and other borrowings with a floating rate that are puttable should be reported on the basis of their next repricing date without regard to their next put date unless the put has actually been exercised. If a put on an advance or other borrowing with a floating

DRAFT

SCHEDULE RC-M (Continued)

Item No. **Caption and Instructions**

5
(cont'd) rate has been exercised but the advance or other borrowing has not yet been repaid, the advance or other borrowing should be reported on the basis of its next repricing date or its actual put date, whichever is earlier.

Convertible advances should be reported based on the amount of time until the Federal Home Loan Bank can next opt to convert the rate on the borrowing to a floating rate or the contractual maturity date, whichever is earlier.

Other borrowings that are noninterest-bearing should be treated as fixed rate and reported according to the amount of time remaining until the final contractual maturity.

For banks filing the FFIEC 031, for a discussion of borrowings in foreign offices, see the Glossary entry for "borrowings and deposits in foreign offices."

5.a **Federal Home Loan Bank advances.** Report in the appropriate subitem the specified information about outstanding advances obtained from a Federal Home Loan Bank.

5.a.(1) **Advances with a remaining maturity or next repricing date of.** Report the amount of the bank's fixed rate advances from a Federal Home Loan Bank in the appropriate subitems according to the amount of time remaining until their final contractual maturities. Report the amount of the bank's floating rate advances from a Federal Home Loan Bank in the appropriate subitems according to their next repricing dates.

5.a.(1)(a) **One year or less.** Report the amount of:

- fixed rate Federal Home Loan Bank advances with a remaining maturity of one year or less, and
- floating rate Federal Home Loan Bank advances with a next repricing date occurring in one year or less.

Including all overnight advances in this item.

5.a.(1)(b) **Over one year through three years.** Report the amount of:

- fixed rate Federal Home Loan Bank advances with a remaining maturity of over one year through three years, and
- floating rate Federal Home Loan Bank advances with a next repricing date occurring in over one year through three years.

5.a.(1)(c) **Over three years through five years.** Report the amount of:

- fixed rate Federal Home Loan Bank advances with a remaining maturity of over three years through five years, and
- floating rate Federal Home Loan Bank advances with a next repricing date occurring in over three years through five years.

DRAFT

SCHEDULE RC-M (Continued)

Item No. **Caption and Instructions**

5.a.(1)(d) **Over five years.** Report the amount of:

- fixed rate Federal Home Loan Bank advances a remaining maturity of over five years, and
- floating rate Federal Home Loan Bank advances with a next repricing date occurring in over five years.

5.a.(2) **Advances with a remaining maturity of one year or less.** Report all Federal Home Loan Bank advances with a remaining maturity of one year or less. Include both fixed rate and floating rate advances with a remaining maturity of one year or less.

The fixed rate advances that should be included in this item will also have been reported by remaining maturity in Schedule RC-M, item 5.a.(1)(a), above. The floating rate advances that should be included in this item will also have been reported by next repricing date in Schedule RC-M, item 5.a.(1)(a), above. However, exclude those floating rate advances included in Schedule RC-M, item 5.a.(1)(a), with a next repricing date of one year or less that have a remaining maturity of over one year.

5.a.(3) **Structured advances.** Report the amount of structured Federal Home Loan Bank advances outstanding. Structured advances are advances containing options. Structured advances include (1) callable advances, i.e., fixed rate advances that the Federal Home Loan Bank has the option to call after a specified amount of time, (2) convertible advances, i.e., fixed rate advances that the Federal Home Loan Bank has the option to convert to floating rate after a specified amount of time, and (3) puttable advances, i.e., fixed rate advances that the bank has the option to prepay without penalty on a specified date or dates. Any other advances that have caps, floors, or other embedded derivatives should also be reported as structured advances.

5.b **Other borrowings.** Report in the appropriate subitem the specified information about amounts borrowed by the consolidated bank:

- (1) by issuing interest-bearing demand notes issued by the bank to the U.S. Treasury.¹
- (2) on its promissory notes;
- (3) on notes and bills rediscounted (including commodity drafts rediscounted);
- (4) 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;
- (5) 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 FASB Statement No. 140 (see the Glossary entry for "transfers of financial assets" for further information);

¹ If the bank participates in the Treasury Tax and Loan note program, funds received for credit to the U.S. Government are demand deposits on the day received and become note balances on the following business day.

DRAFT

SCHEDULE RC-M (Continued)

Item No. **Caption and Instructions**

- 5.b**
- (6) by the creation of due bills representing the bank's receipt of payment and similar instruments, whether collateralized or uncollateralized (see the Glossary entry for "due bills");
 - (7) from Federal Reserve Banks;
 - (8) by overdrawing "due from" balances with depository institutions, except overdrafts arising in connection with checks or drafts drawn by the reporting bank 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 RC-E until the funds are remitted);
 - (9) on purchases of so-called "term federal funds" (as defined in the Glossary entry for "federal funds transactions");
 - (10) on notes and debentures issued by consolidated subsidiaries of the reporting bank;
 - (11) through mortgages, liens, or other encumbrances on bank premises and other real estate owned and obligations under capitalized leases;
 - (12) 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; and
 - (13) on any other obligation for the purpose of borrowing money not reported elsewhere on Schedule RC, Balance Sheet, or in Schedule RC-M, item 5.a, "Federal Home Loan Bank advances."

Also include any borrowings by an Employee Stock Ownership Plan (ESOP) that the reporting bank must report as a borrowing on its own balance sheet in accordance with generally accepted accounting principles. For further information, see AICPA Statement of Position 93-6, *Employers' Accounting for Employee Stock Ownership Plans*.

Exclude from other borrowings:

- (1) federal funds purchased (in domestic offices) and securities sold under agreements to repurchase (report in Schedule RC, items 14.a and 14.b, respectively);
- (2) liability for short positions (report in Schedule RC, item 15);
- (3) subordinated notes and debentures (report in Schedule RC, item 19).

5.b.(1) **Other borrowings with a remaining maturity or next repricing date of.** Report the amount of the bank's fixed rate other borrowings in the appropriate subitems according to the amount of time remaining until their final contractual maturities. Report the amount of the bank's floating rate other borrowings in the appropriate subitems according to their next repricing dates.

DRAFT

SCHEDULE RC-M (Continued)

Item No. **Caption and Instructions**

5.b.(1)(a) **One year or less.** Report the amount of:

- fixed rate “Other borrowings” with a remaining maturity of one year or less, and
- floating rate “Other borrowings” with a next repricing date occurring in one year or less.

Include in this item those overdrawn “due from” balances with depository institutions that are reportable as “Other borrowed money,” as described in the instructions to Schedule RC-M, item 5.b, above.

5.b.(1)(b) **Over one year through three years.** Report the amount of:

- fixed rate “Other borrowings” with a remaining maturity of over one year through three years, and
- floating rate “Other borrowings” with a next repricing date occurring in over one year through three years.

5.b.(1)(c) **Over three years through five years.** Report the amount of:

- fixed rate “Other borrowings” with a remaining maturity of over three years through five years, and
- floating rate “Other borrowings” with a next repricing date occurring in over three years through five years.

5.b.(1)(d) **Over five years.** Report the amount of:

- fixed rate “Other borrowings” with a remaining maturity of over five years, and
- floating rate “Other borrowings” with a next repricing date occurring in over five years.

5.b.(2) **Other borrowings with a remaining maturity of one year or less.** Report all “Other borrowings” with a remaining maturity of one year or less. Include both fixed rate and floating rate borrowings with a remaining maturity of one year or less.

The fixed rate borrowings that should be included in this item will also have been reported by remaining maturity in Schedule RC-M, item 5.b.(1)(a), above. The floating rate borrowings that should be included in this item will also have been reported by next repricing date in Schedule RC-M, item 5.b.(1)(a), above. However, exclude those floating rate borrowings included in Schedule RC-M, item 5.b.(1)(a), with a next repricing date of one year or less that have a remaining maturity of over one year.

5.c **Total.** Report the sum of items 5.a.(1)(a) through (d) and items 5.b.(1)(a) through (d). This sum must equal Schedule RC, item 16, “Other borrowed money.”

DRAFT

SCHEDULE RC-M (Continued)

Item No. **Caption and Instructions**

- 10** **Secured liabilities.** Report in the appropriate subitem the carrying amount of federal funds purchased (in domestic offices) and "Other borrowings" that are secured, i.e., the carrying amount of these types of liabilities for which the bank (or a consolidated subsidiary) has pledged securities, loans, or other assets as collateral.
- 10.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 RC, item 14.a) that are secured.
- 10.b** **Amount of "Other borrowings" that are secured.** Report the carrying amount of "Other borrowings" (as defined for Schedule RC-M, item 5.b) 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 FASB Statement No. 140, mortgages payable on bank premises and other real estate owned, and obligations under capitalized leases.

DRAFT

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

Memoranda

Item No. Caption and Instructions

- 7** **Additions to nonaccrual assets during the quarter.** Report the aggregate amount of all loans, leases, debt securities, and other assets (net of unearned income) that have been placed in nonaccrual status during the calendar quarter ending on the report date. Include those assets placed in nonaccrual status during the quarter that are included as of the quarter-end report date in Schedule RC-N, column C, items 1 through 9. Also include those assets placed in nonaccrual status during the quarter that, before the current quarter-end, have been sold, paid off, charged-off, settled through foreclosure or concession of collateral (or any other disposition of the nonaccrual asset) or have been returned to accrual status. In other words, the aggregate amount of assets placed in nonaccrual status since the prior quarter-end that should be reported in this item should not be reduced, for example, by any charge-offs or sales of such nonaccrual assets. If a given asset is placed in nonaccrual status more than once during the quarter, report the amount of the asset only once.
- 8** **Nonaccrual assets sold during the quarter.** Report the total of the outstanding balances of all loans, leases, debt securities, and other assets held in nonaccrual status (i.e., reportable in Schedule RC-N, column C, items 1 through 9) that were sold during the calendar quarter ending on the report date. The amount to be included in this item is the outstanding balance (net of unearned income) of each nonaccrual asset at the time of its sale. Do not report the sales price of the nonaccrual assets and do not include any gains or losses from the sale. For purposes of this item, only include those transfers of nonaccrual assets that meet the criteria for a sale as set forth in FASB Statement No. 140. For further information, see the Glossary entry for “transfers of financial assets.”

DRAFT

SCHEDULE RC-P – CLOSED-END 1-4 FAMILY RESIDENTIAL MORTGAGE BANKING ACTIVITIES

General Instructions

Schedule RC-P is to be completed by (1) all banks with \$1 billion or more in total assets and (2) banks with less than \$1 billion in total assets whose closed-end 1-4 family residential mortgage banking activities (in domestic offices) exceed a specified level. More specifically, a bank with less than \$1 billion in total assets must complete Schedule RC-P if **any** of the following residential mortgage banking activities exceed \$10 million for two consecutive quarters:

- (a) Closed-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 first lien and junior lien 1-4 family residential mortgage loan sales during a calendar quarter; or
- (c) Closed-end first lien and junior lien 1-4 family residential mortgage loans held for sale at calendar quarter-end.

For a bank with less than \$1 billion in total assets, the bank must complete Schedule RC-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. For example, if the bank's closed-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, 2006, and the bank's sales of such loans exceeded \$10 million during the quarter ended September 30, 2006, the bank would be required to complete Schedule RC-P in its September 30 and December 31, 2006, Call Reports. If its total assets remain less than \$1 billion, the level of this bank's mortgage banking activities during the fourth quarter of 2006 and the first quarter of 2007 would determine whether it would need to complete Schedule RC-P each quarter during 2007 beginning March 31, 2007.

For purposes of Schedule RC-P, closed-end 1-4 family residential mortgage loans are defined in Schedule RC-C, part I, item 1.c.(2), "Closed-end loans secured by 1-4 family residential properties." All closed-end 1-4 family residential mortgage loans secured by junior (i.e., other than first) liens should be reported as junior liens in Schedule RC-P even if the bank has also originated or purchased a loan secured by a first lien on the same 1-4 family residential property and there are no intervening junior liens.

On the FFIEC 031 report form, report closed-end 1-4 family residential mortgage banking activities in domestic offices only.

Item Instructions

Item No. Caption and Instructions

- 1** **Retail originations during the quarter of closed-end 1-4 family residential mortgage loans for sale.** Report in the appropriate subitem the principal amount of retail originations of closed-end 1-4 family residential mortgage loans for resale during the calendar quarter ending on the report date. Include as retail originations those closed-end 1-4 family residential mortgage loans for which the origination and underwriting process was handled exclusively by the bank or a consolidated subsidiary of the bank.

Exclude closed-end 1-4 family residential mortgage loans originated or purchased for the reporting bank's own loan portfolio.

- 1.a** **First liens.** Report the principal amount of retail originations of closed-end first lien 1-4 family residential mortgage loans for resale during the calendar quarter.
- 1.b** **Junior liens.** Report the principal amount of retail originations of closed-end junior lien 1-4 family residential mortgage loans for resale during the calendar quarter.

DRAFT

SCHEDULE RC-P (Continued)

Item No. **Caption and Instructions**

- 2** **Wholesale originations and purchases during the quarter of closed-end 1–4 family residential mortgage loans for sale.** Report in the appropriate subitem the principal amount of wholesale originations and purchases of closed-end 1-4 family residential mortgage loans for resale during the calendar quarter ending on the report date. Include as wholesale originations and purchases those closed-end 1-4 family residential mortgage loans for resale for which the origination and underwriting process was handled in whole or in part by another party, such as a correspondent or mortgage broker, even if the loan was closed in the name of the bank or a consolidated subsidiary of the bank. Also include acquisitions of closed-end 1-4 family residential mortgage loans for resale that were closed in the name of a party other than the bank or a consolidated subsidiary of the bank.
- Exclude closed-end 1-4 family residential mortgage loans originated or purchased for the reporting bank's own loan portfolio.
- 2.a** **First liens.** Report the principal amount of wholesale originations and purchases of closed-end first lien 1-4 family residential mortgage loans for resale during the calendar quarter.
- 2.b** **Junior liens.** Report the principal amount of wholesale originations and purchases of closed-end junior lien 1-4 family residential mortgage loans for resale during the calendar quarter.
- 3** **Closed-end 1–4 family residential mortgage loans sold during the quarter.** Report in the appropriate subitem the principal amount of closed-end 1-4 family residential mortgage loans sold during the calendar quarter ending on the report date. Include transfers of closed-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 FASB Statement No. 140, i.e., those transfers where the loans are no longer included in the bank's consolidated total assets. Also include all sales during the quarter of closed-end 1-4 family residential mortgage loans directly from the bank's loan portfolio. For further information, see the Glossary entry for "transfers of financial assets."
- 3.a** **First liens.** Report the principal amount of closed-end first lien 1-4 family residential mortgage loans sold during the calendar quarter.
- 3.b** **Junior liens.** Report the principal amount of closed-end junior lien 1-4 family residential mortgage loans sold during the calendar quarter.
- 4** **Closed-end 1–4 family residential mortgage loans held for sale at quarter-end.** Report in the appropriate subitem the carrying amount of closed-end 1-4 family residential mortgages held for sale as of the quarter-end report date and included in Schedule RC, item 4.a, "Loans and leases held for sale." Loans held for sale should be reported at the lower of cost or fair value consistent with their presentation in the balance sheet (Schedule RC, item 4.a). Closed-end 1-4 family residential mortgage loans held for sale at quarter-end include any mortgage loans transferred at any time from the bank's loan portfolio to a held-for-sale account that have not been sold by quarter-end.
- 4.a** **First liens.** Report the carrying amount of closed-end first lien 1-4 family residential mortgage loans held for sale at quarter-end.
- 4.b** **Junior liens.** Report the carrying amount of closed-end junior lien 1-4 family residential mortgage loans held for sale at quarter-end.