

FEDERAL RESERVE BANK *of* NEW YORK

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PATRICIA SELVAGGI
ASSISTANT VICE PRESIDENT

December 31, 2015

To: The Individuals Responsible for Preparing the Consolidated Financial Statements for Holding Companies (FR Y-9C) Located in the Second Federal Reserve District

Subject: Holding Companies (HCs) Reporting Requirements for December 31, 2015

The following report forms and instructions for the December 31, 2015 reporting date have been posted to the Federal Reserve Board's website at:

<http://www.federalreserve.gov/apps/reportforms/default.aspx> under "Reporting Forms":

- (1) Consolidated Financial Statements for Holding Companies (FR Y-9C);
- (2) Parent Company Only Financial Statements for Large Holding Companies (FR Y-9LP);
- (3) Financial Statements for Employee Stock Ownership Plan Holding Companies (FR Y-9ES);
- (4) Parent Company Only Financial Statements for Small Holding Companies (FR Y-9SP);
- (5) Financial Statements of U.S. Nonbank Subsidiaries of U.S. Holding Companies (FR Y-11/S);
- (6) Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations (FR 2314/S); and
- (7) Consolidated HC Report of Equity Investments in Nonfinancial Companies (FR Y-12)

Holding companies filing FR Y-9 reports (FR Y-9C, FR Y-9LP, FR Y-9SP, and FR Y-9ES) are required to submit each report electronically. 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 report forms should be used to fulfill the signature and attestation requirement and this page should be attached to the printout placed in the bank holding company's files.

If you complete the preparation, editing, and review of your report(s) before the submission deadline, please file the report(s) immediately rather than waiting. Early submission provides for additional time for your institution to become accustomed with the new enhanced electronic submission process, and aids the Federal Reserve in the editing, review, and analysis of the reports. If you later find that certain information needs to be revised, please make the appropriate changes to your report and promptly submit the revised data.

The Federal Reserve publishes holding company FR Y-9 report submissions on the internet at <http://www.ffiec.gov/nicpubweb/nicweb/nichome.aspx>. Data is published on a flow

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basis within two days following receipt of a submission from the holding company, and updates are run nightly to capture any revisions subsequently submitted by the reporting institutions.

The reporting date on the cover page of the FR Y-9C, FR Y-9LP, FR Y-9SP, FR Y-11/S, and the FR 2314/S forms has been changed to December 31, 2015. The FR Y-9SP and the FR Y-9ES expiration dates have been extended through July 31, 2018. No other changes have been made to these reporting forms. There were no changes to the FR Y-9C, FR Y-9LP, FR Y-9SP, FR Y-9ES, FR Y-11/S, FR 2314/S, or FR Y-12 instructions.

On December 2, 2015, the Federal Reserve requested comment on proposed revisions to the FR Y-9C¹ most of which are consistent with proposed changes to the Consolidated Reports of Condition and Income (Call Reports). The comment period for the proposal will end February 1, 2016. The proposed revisions include deletions of existing data items, increases in existing thresholds for certain data items, a number of instructional revisions and the addition of new and revised data items proposed to take effect March 31, 2016. Consistent with the Call Report and to provide time for institutions to prepare for the proposed revisions, the Federal Reserve is deferring the effective date of the changes until no earlier than September 30, 2016.

The FR Y-9SP and FR Y-9ES are migrating to the Reporting Central application from the Internet Electronic Submission (IESUB) application. Please submit data for either of these two series in Reporting Central for the December 31, 2015, as-of date as the IESUB application will no longer be available for these reports.

The Federal Reserve developed Reporting Central to enhance the overall reporting functionality of the Federal Reserve Banks' data collection and processing activities. These enhancements will allow for a more secure, technically advanced, and efficient system that will encompass a single point of entry for electronic submission and file uploads. Financial and nonfinancial institutions will access Reporting Central via the FedLine® Web Access Solutions site to submit reports and gain access to electronic reporting applications, report forms, and instructions. These reports are required to be submitted electronically, so please take the necessary steps to gain access to the Reporting Central application as soon as possible. Additional information about the Reporting Central application, including an online resource center, is available at: <http://www.frbservices.org/centralbank/reportingcentral/index.html>. If you have any questions regarding these upcoming changes, please contact your Reporting and Reserves District Contact.

The Reporting Central data collection system will subject the holding company's electronic data submission to validity edits that must be resolved before the data can be accepted. However, the current requirement for supplying explanations for quality edits for the FR Y-9SP and the FR Y-9ES at the time of data submission will no longer be required. Please note that the Federal Reserve Bank staff will contact you to discuss data variances and quality issues.

For institutions that submit these reports electronically, a manually signed and attested printout of the data submitted must be maintained in their files. For institutions that do not

¹ 80 FR 75459 (December 2, 2015)

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choose to file this report electronically and the report instructions do not require mandatory electronic submission, the Federal Reserve will continue to accept paper copy submissions.

One aspect of the transition to Reporting Central necessitates the Federal Reserve to modify its internal procedures for handling confidentiality requests for those institutions that submit data electronically. Generally, individual respondent data collected on the FR Y-9C, FR Y-9LP and FR Y-9SP are made readily available on the National Information Center public website (<http://www.ffiec.gov/nicpubweb/nicweb/nichome.aspx>) and the FR Y-9ES FR Y-11/S, and the FR 2314/S reports are available to the public upon request on an individual basis. All data are published, with the exception of items deemed confidential per the report's instructions, unless the individual holding company from which the data were collected has been granted confidential treatment or has a request pending. A holding company may request confidential treatment for the entire report or for specific items on the report. To better facilitate confidentiality requests and ensure the data are properly handled during the review of the request, the Federal Reserve strongly encourages institutions that are of the opinion that disclosure of certain commercial or financial information in the report would likely result in substantial harm to its (or its subsidiaries') competitive position or that disclosure of the submitted personal information would result in unwarranted invasion of personal privacy to:

- (1) notify their Reserve Bank of their intent to request confidential treatment in advance of the written request and
- (2) send the confidentiality request in writing prior to data submission.

For institutions that do not submit data electronically, written requests for confidentiality may be provided concurrently with the paper submission of the report.

For more information on confidentiality requests, please see the specific report General Instructions. Note: The information referenced above pertains to the existing manual process for submitting confidentiality requests. The final notice to add the confidentiality check box to the front page of the FR Y-9C, FR Y-9LP, FR Y-9SP, FR Y-9ES, FR Y-11/S, and the FR 2314/S forms have been published in the Federal Register². Please note that the original implementation date was extended to 2016.

Supplemental instructions concerning current accounting and reporting issues affecting the FR Y-9C series of reports are provided in Attachment 1. Note: A new item, Accounting for Measurement-Period Adjustments Related to Business Combination was added this quarter and updates were made to Supplemental Leverage Ratio for Advanced Approaches Institutions. Attachment 2 includes updates to report forms for the December 31, 2015, report date. There were no significant changes to the instructions for these reports. A summary listing of changes to the FR Y-9SP and the FR Y-9ES data edits are provided in Attachment 3.

Subscription Service

² 80 FR **52282** (August 28, 2015)

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We offer a subscription service, which enables you to receive recent news and updates on our reporting forms and instructions and upcoming events. You can sign up for this service at the following website:

http://service.govdelivery.com/service/subscribe.html?code=USFRBNEWYORK_8

Institutions may subscribe to the Federal Reserve Board e-mail notification service to receive alerts regarding report form and instruction updates at:

<http://www.federalreserve.gov/reportforms/whats-new.htm> . These updates include changes related to proposed new and existing data collections and final reporting forms and instructions.

Questions regarding these reports should be addressed Kenneth Aberbach, Director, at (212) 720-8234, Morgan Norful, Director, at (212) 720-8055, or Laura Stash, Director, at (212) 720-5581.

Questions regarding the capital adequacy guidelines should be directed to Scott Nagel in the Accounting and Capital Policy Department at (212) 720-1803.

Sincerely,

ATTACHMENT 1**Supplemental Instructions****Reports Submission**

The submission deadline for all **FR Y-9C, FR Y-9LP and FR Y-9SP** filers are Tuesday, February 16, 2016. Any **FR Y-9C, FR Y-9LP and FR Y-9SP** reports received after 5:00 p.m. on February 16, 2016 will be considered late. The submission deadline for the **FR Y-12** is Tuesday, February 16, 2016. Any **FR Y-12** reports received after 5:00 p.m. by February 16, 2016 will be considered late unless postmarked by February 12, 2016 or sent by overnight service by February 14, 2016. The submission deadline for the **FR Y-11/S and FR 2314/S** are Monday, February 29, 2016. Any **FR Y-11/S and FR 2314/S** reports received after 5:00 p.m. by February 29, 2016 will be considered late unless postmarked by February 26, 2016 or sent by overnight service by February 28, 2016.

The submission deadline for the **FR Y-9ES** is August 01, 2016. ESOPS that have filed Form 5558 with the IRS for an extension must submit a copy of the form by August 01, 2016 to receive an extension to October 15, 2016 to coincide with the extended IRS deadline.

Submission of initial data via facsimile, even if prior to this deadline does not constitute an official filing. In view of this, please be sure that completed reports are submitted on time to:

**Federal Reserve Bank of New York
Statistics Function
Administrative Support Staff
33 Liberty Street, 4th Floor
New York, N.Y. 10045**

Editing of Data by Respondents

The Federal Reserve requires validation checks to be performed by respondents as part of the electronic submission process for the FR Y-9SP and FR Y-9ES. Effective December 31, 2015, the FR Y-9SP and FR Y-9ES reports are migrating to the Reporting Central application. The new Reporting Central data collection system will continue to subject the holding company's electronic data submission to validity edits that must be resolved before the data can be accepted. However, the requirement for supplying explanations for quality edits at the time of data submission will no longer be required. The respondents will no longer have a standard means to submit quality edit explanations with their data submission. The Federal Reserve staff will communicate with the respondents to discuss data variances, quality edit issues and collect quality edit explanations after receiving the respondents' initial data submission. Respondents are encouraged to file reports electronically as soon as possible, rather than waiting until the submission deadline. Validity and quality edits are provided at the end of the reporting instructions for the FR Y-9SP and FR Y-9ES reports. Additional information regarding this submission process may be found on the website:

<https://www.frbservices.org/centralbank/reportingcentral/index.html>

Accounting for Measurement-Period Adjustments Related to a Business Combination

In September 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-16, “Simplifying the Accounting for Measurement-Period Adjustments.” Under Accounting Standards Codification Topic 805, Business Combinations (formerly FASB Statement No. 141(R), “Business Combinations”), if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer reports provisional amounts in its financial statements for the items for which the accounting is incomplete. During the measurement period, the acquirer is required to adjust the provisional amounts recognized at the acquisition date, with a corresponding adjustment to goodwill, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. At present under Topic 805, an acquirer is required to retrospectively adjust the provisional amounts recognized at the acquisition date to reflect the new information. To simplify the accounting for the adjustments made to provisional amounts, ASU 2015-16 eliminates the requirement to retrospectively account for the adjustments. Accordingly, the ASU amends Topic 805 to require an acquirer to recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which adjustment amounts are determined. Under the ASU, the acquirer also must recognize in the financial statements for the same reporting period the effect on earnings, if any, resulting from the adjustments to the provisional amounts as if the accounting for the business combination had been completed as of the acquisition date.

In general, the measurement period in a business combination is the period after the acquisition date during which the acquirer may adjust provisional amounts reported for identifiable assets acquired, liabilities assumed, and consideration transferred for the acquiree for which the initial accounting for the business combination is incomplete at the end of the reporting period in which the combination occurs. Topic 805 provides additional guidance on the measurement period, which shall not exceed one year from the acquisition date, and adjustments to provisional amounts during this period.

For institutions that are public business entities, as defined under U.S. generally accepted accounting principles (GAAP) (as discussed in a later section of these Supplemental Instructions), ASU 2015-16 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. For institutions that are not public business entities (i.e., that are private companies), the ASU is effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. The ASU’s amendments to Topic 805 should be applied prospectively to adjustments to provisional amounts that occur after the effective date of the ASU. Thus, holding companies with a calendar year fiscal year that are public business entities must apply the ASU to any adjustments to provisional amounts that occur after January 1, 2016, beginning with their FR Y-9C report for March 31, 2016. Holding companies with a calendar year fiscal year that are private companies must apply

the ASU to any FR Y-9C Reports for December 31, 2017. Early application of ASU 2015-16 is permitted in FR Y-9C reports that have not been submitted.

For additional information, institutions should refer to ASU 2015-16, which is available at <http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498>.

Debt Issuance Cost

In April 2015 FASB issued ASU No. 2015-03, “Simplifying the Presentation of Debt Issuance Costs.” This ASU requires debt issuance costs to be recognized as a direct deduction from the face amount of the related debt liability, similar to debt discounts. The ASU is limited to the presentation of debt issuance costs; therefore, the recognition and measurement guidance for such costs is unaffected. At present, Accounting Standards Codification (ASC) Subtopic 835-30, Interest – Imputation of Interest, requires debt issuance costs to be reported on the balance sheet as an asset (i.e., a deferred charge). For FRY-9C purposes, the costs of issuing debt currently are reported, net of accumulated amortization, in Schedule HC-F, item 6, “All other assets,” and Schedule HC, item 11, “Other assets.”

For holding companies that are public business entities, as defined under U.S. GAAP (as discussed in a later section of these Supplemental Instructions), ASU 2015-03 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. For example, holding companies with a calendar year fiscal year that are public business entities must apply the ASU in their FR Y-9C beginning March 31, 2016. For holding companies that are not public business entities (i.e., that are private companies), the ASU is effective for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Thus, holding companies with a calendar year fiscal year that are private companies must apply the ASU in their December 31, 2016, and subsequent quarterly FR Y-9C reports. Early adoption of the guidance in ASU 2015-03 is permitted.

After a holding company adopts ASU 2015-03, any transaction in which debt issuance costs were incurred and classified as deferred charges in “Other assets” before the adoption of the ASU should be reported as a direct deduction from the carrying amount of the related debt liability and included in the appropriate balance sheet category of liabilities in FR Y-9C Schedule HC, e.g., item 16, “Other borrowed money,” or item 19.a, “Subordinated notes and debentures.”

For additional information, institutions should refer to ASU 2015-03, which is available at <http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498>.

Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share

In May 2015, the FASB issued ASU No. 2015-07, “Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).” This ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (NAV) per share (or its equivalent) practical expedient described in ASC Topic 820, Fair Value Measurement (formerly FASB Statement

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No. 157, “Fair Value Measurements”). It also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient, regardless of whether the expedient has been applied. Rather, the ASU limits those disclosures to investments for which the entity has elected to measure fair value using the NAV per share practical expedient to help users of its financial statements understand the nature and risks of the investments and whether the investments, if sold, are probable of being sold at amounts different from their NAV per share (or its equivalent). In addition, although the investments are not categorized within the fair value hierarchy, the ASU requires a reporting entity to disclose the amount of investments for which fair value is measured using the NAV per share practical expedient to permit reconciliation of the fair value of investments included in the fair value hierarchy to the line items presented in the statement of financial position.

ASC Topic 820 currently permits a reporting entity, as a practical expedient, to measure the fair value of certain investments in investment companies and real estate funds using the NAV per share of the investment. In contrast to other investments within the fair value hierarchy, which are categorized on the basis of the observability of the significant inputs in the fair value measurement, investments valued using the NAV per share practical expedient currently are categorized on the basis of whether the investment is redeemable with the investee at NAV on the measurement date, never redeemable with the investee at NAV, or redeemable with the investee at NAV at a future date.

The criteria for categorizing investments in the fair value hierarchy that are measured using the NAV per share practical expedient do not consider the observability of inputs and are therefore inconsistent with the overarching intent of the fair value hierarchy. By removing the requirement to include investments measured using the NAV per share practical expedient within the fair value hierarchy, ASU 2015-07 ensures that all investments within the hierarchy are categorized using a consistent approach. Investments that calculate NAV per share, but for which the practical expedient is not applied, must continue to be included in the fair value hierarchy.

For FR Y-9C purposes, the issuance of ASU 2015-07 means that an institution that has adopted the ASU and elects to measure the fair value of an investment that meets criteria specified in Topic 820 using the NAV per share practical expedient should continue to report the investment’s fair value in the appropriate asset item in column A of Schedule HC-Q, Assets and Liabilities Measured at Fair Value on a Recurring Basis. However, the institution should exclude the investment from the Level 1, 2, and 3 disclosures in in columns C, D, and E of Schedule HC-Q and it should instead report the fair value measured using the NAV per share practical expedient in column B along with the netting adjustments currently reported in column B. In contrast, if the holding company does not elect to measure an investment that meets criteria specified in Topic 820 using the NAV practical expedient, it must disclose in column C, D, or E of Schedule HC-Q, as appropriate, the level within the fair value hierarchy within which its fair value measurement in its entirety falls based on the lowest level input that is significant to the fair value measurement in its entirety.

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ASU 2015-07 is effective for holding companies that are public business entities, as defined under U.S. GAAP (as discussed in a later section of these Supplemental Instructions), for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For example, institutions with a calendar year fiscal year that are public business entities must apply the ASU in their FR Y-9C reports beginning March 31, 2016. For holding companies that are not public business entities (i.e., that are private companies), the ASU is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Accordingly, holding companies with a calendar year fiscal year that are private companies must apply the ASU in their FR Y-9C reports beginning March 31, 2017. Earlier application is permitted. If a holding company chooses to early adopt ASU 2015-07 for financial reporting purposes, the holding company may implement the provisions of the ASU in the manner described above in its FR Y-9C report for December 31, 2015. However, prior FR Y-9C reports should not be amended.

For additional information, institutions should refer to ASU 2015-07, which is available at: <http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498>.

Extraordinary Items

In January 2015, the FASB issued ASU No. 2015-01, “Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items.” This ASU eliminates from U.S. GAAP the concept of extraordinary items. At present, ASC Subtopic 225-20, Income Statement – Extraordinary and Unusual Items (formerly Accounting Principles Board Opinion No. 30, “Reporting the Results of Operations”), requires an entity to separately classify, present, and disclose extraordinary events and transactions. An event or transaction is presumed to be an ordinary and usual activity of the reporting entity unless evidence clearly supports its classification as an extraordinary item. For holding company purposes, if an event or transaction currently meets the criteria for extraordinary classification, an institution must segregate the extraordinary item from the results of its ordinary operations and report the extraordinary item in its income statement in Schedule HI, item 11, “Extraordinary items and other adjustments, net of income taxes.”

ASU 2015-01 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Thus, for example, institutions with a calendar year fiscal year must begin to apply the ASU in their FR Y-9C report for March 31, 2016. Early adoption of ASU 2015-01 is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. For FR Y-9C report purposes, an institution with a calendar year fiscal year must apply the ASU prospectively, that is, in general, to events or transactions occurring after the date of adoption. However, an institution with a fiscal year other than a calendar year may elect to apply ASU 2015-01 prospectively or, alternatively; it may elect to apply the ASU retrospectively to all prior calendar quarters included in the institution’s year-to-date holding company income statement that includes the beginning of the fiscal year of adoption.

After an institution adopts ASU 2015-01, any event or transaction that would have met the criteria for extraordinary classification before the adoption of the ASU should be reported in the FR Y-9C report Schedule HI, item 5.1, “Other noninterest income,” or item 7.d, “Other

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noninterest expense,” as appropriate, unless the event or transaction would otherwise be reportable in another item of Schedule HI. In addition, consistent with ASU 2015-01, the agencies plan to remove the term “extraordinary items” from, and revise the caption for, Schedule HI, item 11.

For additional information, institutions should refer to ASU 2015-01, which is available at <http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498>.

Accounting by Private Companies for Identifiable Assets in a Business Combination

In December 2014, the FASB issued ASU No. 2014-18, “Accounting for Identifiable Intangible Assets in a Business Combination,” which is a consensus of the Private Company Council (PCC). This ASU provides an accounting alternative that permits a private company, as defined in U.S. GAAP (and discussed in a later section of these Supplemental Instructions), to simplify the accounting for certain intangible assets. The 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, Business Combinations (formerly FASB Statement No. 141 (revised 2007), “Business Combinations”).

Under ASU 2014-018, a private company that elects the accounting alternative 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, Intangibles – Goodwill and Other (formerly FASB Statement No. 142, “Goodwill and Other Intangible Assets”).

A private company that elects the accounting alternative in ASU 2014-18 also must adopt the private company goodwill accounting alternative described in ASU 2014-02, “Accounting for Goodwill,” which is discussed in a later section of these Supplemental Instructions. However, a private company that elects the goodwill accounting alternative in ASU 2014-02 is not required to adopt the accounting alternative for identifiable intangible assets in ASU 2014-18.

A private company’s decision to adopt ASU 2014-18 must be made upon the occurrence of the first business combination (or other transaction within the scope of the ASU) 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.

- If the first transaction occurs in the private company's first fiscal year beginning after December 15, 2015, the adoption 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 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. 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.

A holding company that meets the private company definition in U.S. GAAP is permitted, but not required, to adopt ASU 2014-18 for FR Y-9C purposes and may choose to early adopt the ASU, provided it also adopts the private company goodwill accounting alternative. If a private institution issues U.S. GAAP financial statements and adopts ASU 2014-18, it should apply the ASU's intangible asset accounting alternative in its FR Y-9C report in a manner consistent with its reporting of intangible assets in its financial statements.

For additional information on the private company accounting alternative for identifiable intangible assets, institutions should refer to ASU 2014-18, which is available at <http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498>.

Supplementary Leverage Ratio for Advanced Approaches Institutions

Item 45 of Schedule HC-R, Part I, Regulatory Capital Components and Ratios, applies to the reporting of the supplementary leverage ratio (SLR) by advanced approaches institutions. In the FR Y-9C report form and instructions for report dates before March 31, 2015, the caption for item 45 and the instructions for this item both indicated that, in the first quarter of 2015, advanced approaches institutions should begin to report their SLR as calculated for purposes of Schedule A, item 98, of the FFIEC 101, Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework.

However, because of amendments to the banking agencies' regulatory capital rules in 2014 that revised certain aspects of the SLR, the Federal Reserve has proposed to revise the reporting of SLR data in Schedule HC-R, Part I. This proposed revision will take effect no earlier than September 30, 2016. Accordingly, the reporting of the SLR in item 45 of Schedule HC-R, Part I, has been deferred until the proposed SLR revisions take effect.

Private Company Accounting Alternatives

In May 2012, the Financial Accounting Foundation, the independent private sector organization responsible for the oversight of the FASB, approved the establishment of the PCC to improve the process of setting accounting standards for private companies. The PCC is charged with working jointly with the FASB to determine whether and in what circumstances to provide alternative recognition, measurement, disclosure, display, effective date, and transition

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guidance for private companies reporting under U.S. GAAP. Alternative guidance for private companies may include modifications or exceptions to otherwise applicable existing U.S. GAAP standards.

The Federal Reserve has concluded that a holding company that is a private company, as defined in U.S. GAAP (as discussed in a later section of these Supplemental Instructions), is permitted to use private company accounting alternatives issued by the FASB when preparing its FR Y-9C report, except as provided in 12 U.S.C. 1831n(a) as described in the following sentence. 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, an institution 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 if they were to disallow any accounting alternative under the statutory process.

Accounting by Private Companies for Goodwill

On January 16, 2014, the FASB issued ASU No. 2014-02, "Accounting for Goodwill," which is a consensus of the PCC. This ASU generally permits a private company to elect to amortize goodwill on a straight-line basis over a period of ten years (or less than ten years if more appropriate) and apply a simplified impairment model to goodwill. In addition, if a private company chooses to adopt the ASU's goodwill accounting alternative, the ASU requires the private company 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) may be below its carrying amount. In contrast, U.S. GAAP does not otherwise 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. The ASU's goodwill accounting alternative, if elected by a private company, is effective prospectively for new goodwill recognized in annual periods beginning after December 15, 2014, and in interim periods within annual periods beginning after December 15, 2015. Goodwill existing as of the beginning of the period of adoption is to be amortized prospectively over ten years (or less than ten years if more appropriate). The ASU states that early application of the goodwill 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.

A holding company that meets the private company definition in ASU 2014-02, as discussed in the following section of these Supplemental Instructions (i.e., a private institution), is permitted, but not required, to adopt this ASU for FR Y-9C purposes and may choose to early adopt the ASU. If a private institution issues U.S. GAAP financial statements and adopts the ASU, it should apply the ASU's goodwill accounting alternative in its FR Y-9 reports in a manner consistent with its reporting of goodwill in its financial statements. Thus, for example, a

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private institution with a calendar year fiscal year that chooses to adopt ASU 2014-02 must apply the ASU's provisions in its December 31, 2015, and subsequent quarterly or semiannual FR Y-9 report(s) unless early application of the ASU was elected. This would require the private institution to report in its December 31, 2015 FR Y-9C one year's amortization of goodwill existing as of January 1, 2015, and the amortization of any new goodwill recognized in 2015. Goodwill amortization expense should be reported in item 7.c.(1) of the 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, "Extraordinary items and other adjustments, net of income taxes."

Private institutions choosing to early adopt the goodwill accounting alternative in ASU 2014-02 that have a fiscal year or an early application date other than the one described in the example above should contact their Federal Reserve District Bank analyst for reporting guidance. For additional information on the private company accounting alternative for goodwill, institutions should refer to ASU 2014-02, which is available at <http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498>.

Definitions of Private Company and Public Business Entity

ASU No. 2013-12, "Definition of a Public Business Entity," which was issued in December 2013, added this term to the Master Glossary in the Accounting Standards Codification. This ASU states that a business entity, such as a holding company, that meets any one of five criteria set forth in the ASU is a public business entity for reporting purposes under U.S. GAAP, including FR Y-9 reporting purposes. In contrast, a private company is a business entity that is not a public business entity. An institution that is a public business entity is not permitted to apply the private company accounting alternatives discussed in preceding sections of these Supplemental Instructions when preparing its FR Y-9 report(s).

As defined in ASU 2013-12, 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 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.

ASU 2013-12 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 entity 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.

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. A mutual institution does not meet the fifth criterion. 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.

For additional information on the definition of a public business entity, institutions should refer to ASU 2013-12, which is available at <http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498>.

Accounting for a Subsequent Restructuring of a Troubled Debt Restructuring

When a loan has previously been modified in a troubled debt restructuring (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. generally accepted accounting principles. Under certain circumstances it may be acceptable not to account for the subsequently restructured loan as a TDR. The federal financial institution regulatory agencies 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 assessing whether a concession has been granted by the institution, the Federal Reserve considers any principal forgiveness on a cumulative basis to be a continuing concession. When determining whether the borrower is experiencing financial difficulties, the institution's assessment of the borrower's financial condition and prospects for repayment after

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the restructuring should be supported by a current, well-documented credit evaluation performed at the time of the restructuring.

If at the time of the subsequent restructuring the institution appropriately demonstrates that a loan meets the conditions discussed above, the impairment on the loan need no longer be measured as a TDR in accordance with ASC Subtopic 310-10, Receivables – Overall (formerly FASB Statement No.114), and the loan need no longer be disclosed as a TDR in the FR- Y9C report, 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). 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 Subtopic 310-10 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. However, if the subsequent restructuring agreement specifies a contractual interest rate that, at the time of the subsequent restructuring, is not less than a market interest rate for new debt with similar credit risk characteristics and the loan is performing in compliance with its modified terms after the subsequent restructuring, the loan need not continue to be reported as a TDR in Schedule HC-C, Memorandum item 1, in calendar years after the year in which the subsequent restructuring took place. 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.

Reporting Certain Government-Guaranteed Mortgage Loans upon Foreclosure

In August 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-14, “Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure,” to address diversity in practice for how government-guaranteed mortgage loans are recorded upon foreclosure. The ASU updates guidance contained 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), because U.S. generally accepted accounting principles (GAAP) previously did not provide specific guidance on how to categorize or measure foreclosed mortgage loans that are government guaranteed. The ASU

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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 estate property collateralizing a mortgage loan in accordance with the guidance in ASC Subtopic 310-40). Under the guidance, institutions should derecognize a mortgage loan and record a separate other receivable upon foreclosure of the real estate collateral if 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 institution 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 institution 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 would be reported in Schedule HI, item 1.g, “Other interest income.” Other real estate owned would not be recognized by the institution.

For institutions that are public business entities, as defined under U.S. GAAP (as discussed in the preceding section of these Supplemental Instructions), ASU 2014-14 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2014. For example, institutions with a calendar year fiscal year that are public business entities must apply the ASU in their FR Y-9C reports beginning March 31, 2015. However, institutions that are not public business entities (i.e., that are private companies) are not required to apply the guidance in ASU 2014-14 until annual periods ending after December 15, 2015, and interim periods beginning after December 15, 2015. Thus, institutions with a calendar year fiscal year that are private companies must apply the ASU in their December 31, 2015, and subsequent quarterly FR Y-9C reports. Earlier adoption of the guidance in ASU 2014-14 is permitted if the institution has already adopted the amendments in ASU No. 2014-04, “Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure” (which is discussed in the following section of these Supplemental Instructions).

Entities can elect to apply ASU 2014-14 on either a modified retrospective transition basis or a prospective transition basis. However, institutions must use the method of transition that is elected for ASU 2014-04 (that is, either modified retrospective or prospective). Applying ASU 2014-14 on a prospective transition basis should be less complex for institutions than applying the ASU on a modified retrospective transition basis. Under the prospective transition method, an institution should apply the new guidance to foreclosures of real estate property

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collateralizing certain government-guaranteed mortgage loans (based on the criteria described above) that occur after the date of adoption of the ASU. Under the modified retrospective transition method, an institution should apply a cumulative-effect adjustment to affected accounts existing as of the beginning of the annual period for which the ASU is adopted. The cumulative-effect adjustment for this change in accounting principle should be reported in Schedule HI-A, item 2.

For additional information, institutions should refer to ASU 2014-14, which is available at <http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498>.

Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon a Foreclosure

In January 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-04, “Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon Foreclosure” to address diversity in practice for when certain loan receivables should be derecognized and the real estate recognized. The ASU updated guidance contained in Accounting Standards Codification Subtopic 310-40, Receivables - Troubled Debt Restructurings by Creditors.

Under prior accounting guidance, all loan receivables were reclassified to other real estate owned (OREO) when the institution, as creditor, obtained physical possession of the property, regardless of whether formal foreclosure proceedings had taken place. The new ASU clarifies when a creditor is considered to have received physical possession (resulting from an in-substance repossession or foreclosure) of residential real estate collateralizing a consumer mortgage loan. Under the new guidance, physical possession for these residential real estate properties is considered to have occurred and a loan receivable would be reclassified to OREO only upon:

- The institution obtaining legal title through foreclosure even if the borrower has redemption rights whereby it can legally reclaim the real estate for a period of time, or
- Completion of a deed-in-lieu of foreclosure or similar legal agreement under which the borrower conveys all interest in the residential real estate property to the institution to satisfy the loan.

Loans secured by real estate other than consumer mortgage loans collateralized by residential real estate should continue to be reclassified to OREO when the institution has received physical possession of a borrower's assets, regardless of whether formal foreclosure proceedings take place.

For institutions that are public business entities, as defined under U.S. GAAP (as discussed above in these Supplemental Instructions), ASU 2014-04 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2014. For example, institutions with a calendar year fiscal year that are public business entities must apply the ASU in their FR Y-9C reports beginning March 31, 2015. However, institutions that are not public business entities (i.e., that are private companies) are not required to apply the guidance in ASU

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2014-04 until annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Thus, institutions with a calendar year fiscal year that are private companies must apply the ASU in their December 31, 2015, and subsequent quarterly FR Y-9C reports. Earlier adoption of the guidance in ASU 2014-04 is permitted.

Entities can elect to apply the ASU on either a modified retrospective transition basis or a prospective transition basis. Applying the ASU on a prospective transition basis should be less complex for institutions than applying the ASU on a modified retrospective transition basis. Under the prospective transition method, an institution should apply the new guidance to all instances where it receives physical possession of residential real estate property collateralizing consumer mortgage loans that occur after the date of adoption of the ASU. Under the modified retrospective transition method, an institution 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 ASU is effective. The cumulative-effect adjustment for this change in accounting principle should be reported in Schedule HI-A, item 2. As a result of adopting the ASU on a modified retrospective basis, assets reclassified from OREO to loans should be measured at the carrying value of the real estate at the date of adoption while assets reclassified from loans to OREO should be measured at the lower of the net amount of the loan receivable or the OREO property's fair value less costs to sell at the time of adoption.

For additional information, institutions should refer to ASU 2014-04, which is available at <http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498>.

Secured Consumer Debt Discharged in a Chapter 7 Bankruptcy Order

Questions have arisen regarding the appropriate accounting and regulatory reporting treatment for certain secured consumer loans where (i) the loan has been discharged in a Chapter 7 bankruptcy under the U.S. Bankruptcy Code,³ (ii) the borrower has not reaffirmed the debt, (iii) the borrower is current on payments, and (iv) the loan has not undergone a troubled debt restructuring (TDR) before the bankruptcy.

When a debtor files for Chapter 7 bankruptcy, a trustee is appointed to liquidate the debtor's assets for the benefit of creditors. Generally, Chapter 7 bankruptcy results in a discharge of personal liability for certain debts that arose before the petition date. A bankruptcy discharge acts as a permanent injunction of claims against the debtor, but does not extinguish certain secured debt or any existing liens on the property securing the debt.

In general, for certain secured debt, the loan agreement (including the promissory note and, depending on the state, the security interest) entered into before bankruptcy remains in place after the debt has been discharged in a Chapter 7 bankruptcy. However, the lender may no longer pursue the borrower personally for a deficiency due to nonpayment. In addition, the institution's ability to manage the loan relationship is restricted. For example, after a borrower has completed Chapter 7 bankruptcy, an institution is limited with regard to collection efforts,

³ 11 USC Chapter 7

communications with the borrower, loss mitigation strategies, and reporting on the discharged debt to credit bureaus.

The accounting and regulatory reporting issues that arise for secured consumer loans discharged in a Chapter 7 bankruptcy include: (1) whether the discharge is a TDR, (2) the measure of impairment, (3) whether the loan should be placed in nonaccrual status, and (4) charge-off treatment.

TDR Determination

In determining whether a secured consumer debt discharged in a Chapter 7 bankruptcy constitutes a troubled debt restructuring, a holding company needs to assess whether the borrower is experiencing financial difficulties and whether a concession has been granted to the borrower. Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 310-40, a bankruptcy filing is an indicator of a borrower's financial difficulties. Determining whether a holding company has granted a concession in a Chapter 7 bankruptcy requires judgment. In assessing whether a concession has been granted, institutions should consider all relevant facts and circumstances, including the effect of changes to the legal rights and obligations of the lender and the borrower resulting from Chapter 7 bankruptcy. Changes taken as a whole that are not substantive may not be considered a concession. Holding companies should refer to the Glossary section of the *Instructions for Preparation of Consolidated Financial Statements for Holding Companies* for additional information on TDRs.

Measure of Impairment

If a holding company has concluded that the completion of a Chapter 7 bankruptcy filing has resulted in a TDR, the loan should be measured for impairment under ASC Section 310-10-35 (formerly FASB Statement No. 114, "Accounting by Creditors for Impairment of a Loan"). Under this guidance, impairment shall be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, except that as a practical expedient, a holding company may measure impairment based on a loan's observable market price, or the fair value of the collateral if the loan is collateral dependent. For regulatory reporting purposes, holding companies must measure impairment based on the fair value of the collateral when an impaired loan is determined to be collateral dependent. A loan is considered to be 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. Judgment is required to determine whether an impaired loan is collateral dependent, and a holding company should assess all available credit information and weigh all factors pertaining to the loan's repayment sources.

If repayment of an impaired loan is not solely dependent upon the underlying collateral, impairment would be measured based on the present value of expected future cash flows. ASC Section 310-10-35 allows impaired loans to be aggregated and measured for impairment with other impaired loans that share common risk characteristics.

Discharged secured consumer debts that are not TDRs (or are not otherwise determined to be in the scope of ASC 310-10 and held for investment) should be measured collectively for

impairment under ASC Subtopic 450-20 (formerly FASB Statement No. 5, “Accounting for Contingencies”). In estimating the allowance for loan and lease losses (ALLL) under ASC Subtopic 450-20, holding companies should consider all available evidence and weigh all factors that affect the collectability of the loans as of the evaluation date. Factors can include the bankruptcy filing, delinquent senior liens, negative equity in the collateral and sustained timely payment performance by the borrower.

Holding companies should ensure that loans are properly segmented based upon similar risk characteristics when calculating the allowance under ASC Subtopic 450-20. Borrowers of secured consumer debt discharged in a Chapter 7 bankruptcy generally are considered to have a higher credit risk profile than those borrowers that have not filed for Chapter 7 bankruptcy. For holding companies with significant holdings of these loans to borrowers who have completed a Chapter 7 bankruptcy, it is appropriate to segment these mortgage loans separately from pools of mortgage loans to borrowers who have not filed for Chapter 7 bankruptcy when calculating the allowance. Holding companies should follow existing regulatory guidance in calculating the ALLL including, if applicable, the *Interagency Supervisory Guidance on Allowance for Loan and Lease Losses Estimation Practices for Loans and Lines of Credit Secured by Junior Liens on 1-4 Family Residential Properties*, which can be accessed at <http://fedweb.frb.gov/fedweb/bsr/srltrs/sr1203.shtm>.

Regardless of impairment method used, when available information confirms that specific loans or portions thereof, are uncollectible, these amounts should be promptly charged off against the allowance for loan and leases losses.

Accrual Status

Holding companies should follow the Glossary entry under “Nonaccrual Status” when determining whether secured consumer debt discharged in a Chapter 7 bankruptcy should be on accrual status. These instructions also address the restoration of nonaccrual assets, including any loans identified as TDRs that are in nonaccrual status, to accrual status.

Consistent with GAAP and regulatory guidance, institutions are expected to follow revenue recognition practices that do not result in overstating income. For a secured consumer loan discharged in a Chapter 7 bankruptcy, whether or not it is a TDR, placing the loan on nonaccrual when payment in full of principal and interest is not expected is one appropriate method to ensure income is not overstated.

Charge-off Treatment

GAAP states that loans shall be charged off in the period in which the loans are deemed uncollectible. Because of heightened risk that loans discharged through bankruptcy may be uncollectible, the interagency *Uniform Retail Credit Classification and Account Management Policy*⁴ (Uniform Retail Credit Policy) requires such loans to be charged down to collateral value

⁴ While the terms of the revised policy apply only to federally insured depository institutions, the Federal Reserve believes the guidance is broadly applicable to holding companies and their nonbank lending subsidiaries. Refer to the [Bank Holding Company Supervision Manual](#) (Section 2241.0) for details.

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(less costs to sell) within 60 days of notification from the bankruptcy court unless the institution can clearly demonstrate and document that repayment is likely to occur. To assess whether such a loan should be deemed uncollectable, a holding company should perform a credit analysis at the time a borrower whose loan is current completes Chapter 7 bankruptcy (hereafter, a post-discharge analysis). If the post-discharge analysis indicates repayment of principal and interest is likely to continue, then immediate charge down to collateral value and full application of payments to reduce the recorded investment in the loan is not required.

If a credit analysis does not support that repayment of principal and interest is likely to continue, the loan should be charged down to the collateral's fair value (less costs to sell). Any balance not charged off should be placed on nonaccrual when full collection of principal and interest is not expected. The Uniform Retail Credit Policy can be accessed at <http://fedweb.frb.gov/fedweb/bsr/srltrs/SR0008.htm>.

As is discussed in the Uniform Retail Credit Policy, evaluating the quality of a retail credit portfolio on a loan-by-loan basis is inefficient and burdensome for the institution being examined and for examiners given the generally large number of relatively small-balance loans in a retail credit portfolio. Therefore, the type of credit analysis that is performed to assess whether repayment is likely to continue may vary depending on whether the loans are managed individually or on a homogenous pool basis.

For loans managed in pools, holding companies may choose to evaluate the likelihood of continued repayment on a pool basis. In order for a pool analysis to be used, a holding company must identify various credit risk indicators that signify likelihood of continuing repayment. Such indicators might include measures of historical payment performance, loan structure, lien position, combined loan-to-value ratios, amounts paid over the minimum payment due and other pertinent factors that have been associated with payment performance in the past. Such credit risk indicators should then be considered as a whole when determining whether objective evidence supports the likelihood of continuing repayment. A holding company using pool-based analysis should also conduct ongoing monitoring to ensure the appropriateness of the credit risk indicators used to support the likelihood of continuing repayment.

For all loans managed individually and any loans managed on a pool basis where the pool analysis does not support likelihood of continuing repayment, a loan-level, post-discharge credit analysis would be necessary to support likelihood of continuing repayment. A loan-level, post-discharge analysis should demonstrate and document structured orderly collection, post-discharge repayment capacity, and sustained payment performance. If likelihood of continuing repayment cannot be supported, the loan should be deemed uncollectable and charged down to collateral value (less costs to sell) within 60 days of notification from the bankruptcy court.

Bank Subsidiary Reporting Differences

Generally, the FR Y-9C reports should reflect the same accounting practices as those used in its subsidiary depository institutions' Reports of Condition and Income (Call Reports). However, if a company adopts accounting practices for purposes of its published consolidated

GAAP financial statements that are different from those used in subsidiary depository institution Call Reports, it should use those practices in preparation of the FR Y-9C. For example, if a holding company's depository institution subsidiary charges down certain discharged secured consumer debt for Call Report purposes but not for purposes of its published consolidated GAAP financial statements, it should not charge down those loans for purposes of preparing the FR Y-9C. In this situation, the holding company should explain differences in reporting between the subsidiary and the holding company in the FR Y-9C "Notes to the Income Statement – Other" and "Notes to the Balance Sheet – Other" report sections.

True Up Liability under an FDIC Loss-Sharing Agreement

Holding companies should continue to follow the guidance for True up liability under an FDIC loss-sharing agreement that was included in the FR Y-9C Supplemental Instructions for September, 2015. These instructions can be accessed via the Federal Reserve's Web site http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_201509.pdf.

Purchased Loans Originated by Others

Holding companies should continue to follow the guidance for purchased loans originated by others that was included in the FR Y-9C Supplemental Instructions for September, 2015. These instructions can be accessed via the Federal Reserve's Web site http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_201509.pdf.

Troubled Debt Restructurings, Current Market Interest Rates, and ASU No. 2011-02

Holding companies should continue to follow the guidance for troubled debt restructurings that was included in the FR Y-9C Supplemental Instructions for March 31, 2015. These instructions can be accessed via the Federal Reserve's Web site http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_201503.pdf.

Indemnification Assets and Accounting Standards Update No. 2012-06

Holding companies should continue to follow the guidance for indemnification assets that was included in the FR Y-9C Supplemental Instructions for June 30, 2014. These instructions can be accessed via the Federal Reserve's Web site http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_201406.pdf.

Determining the Fair Value of Derivatives

Holding companies should continue to follow the guidance in determining the fair value of derivatives that was included in the FR Y-9C Supplemental Instructions for June 30, 2014. These instructions can be accessed via the Federal Reserve's Web site http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_201406.pdf.

Other- Than- Temporary Impairment

Holding companies should continue to follow the guidance on reporting other-than-temporary-impairment that was included in the FR Y-9C Supplemental Instructions for June 30, 2014. These instructions can be accessed via the Federal Reserve's Web site http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_201406.pdf.

Deposit Insurance Assessments

Holding companies should continue to follow the guidance on reporting regular quarterly deposit insurance assessments, refer to the Call Report Supplemental Instructions for September 30, 2009, at http://www.ffiec.gov/PDF/FFIEC_forms/FFIEC031_041_suppinst_200909.pdf.

Reporting Defined Benefit Postretirement Plans

Holding companies should continue to follow the guidance regarding the reporting of defined benefit postretirement plans that was included in the FR Y-9C Supplemental Instructions for June 30, 2013. These instructions can be accessed via the Federal Reserve's Web site http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_201306.pdf.

Goodwill Impairment Testing

Holding companies should continue to follow the guidance regarding reporting related to goodwill impairment testing that was included in the FR Y-9C Supplemental Instructions for March 31, 2013. These instructions can be accessed via the Federal Reserve's Web site http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_201303.pdf.

Small Business Lending Fund

Holding companies should continue to follow the guidance regarding reporting related to the U.S. Treasury Department's Small Business Lending Fund (SBLF) that was included in the FR Y-9C Supplemental Instructions for March 31, 2013. These instructions can be accessed via the Federal Reserve's Web site http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_201303.pdf.

Treasury Department's Community Development Capital Initiative Program

Holding companies should continue to follow the guidance regarding reporting related to the Treasury Department's Community Development Capital Initiative Program that was included in the FR Y-9C Supplemental Instructions for September 30, 2012. These instructions can be accessed via the Federal Reserve's Web site http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_201209.pdf.

Reporting Purchased Subordinated Securities in Schedule HC-S

Holding companies should continue to follow the guidance on reporting purchased subordinated securities in Schedule HC-S that was included in the FR Y-9C Supplemental Instructions for September 30, 2011. These instructions can be accessed via the Federal Reserve's Web site http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_201109.pdf.

Consolidated Variable Interest Entities

Holding companies should continue to follow the guidance on reporting and accounting for consolidated variable interest entities that was included in the FR Y-9C Supplemental Instructions for September 30, 2011. These instructions can be accessed via the Federal

Reserve's Web site

http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_201109.pdf.

Treasury Department's Capital Purchase Program

Holding companies should continue to follow the guidance on accounting and reporting for the U.S. Treasury Department's Capital Purchase Program (CPP) under the Troubled Asset Relief Program mandated by the Emergency Economic Stabilization Act of 2008 that was included in the FR Y-9C Supplemental Instructions for September 30, 2011. These instructions can be accessed via the Federal Reserve's Web site

http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_201109.pdf.

Accounting Standards Codification

A description of the adoption of FASB Statement No. 168, "The FASB Accounting Standards CodificationTM and the Hierarchy of Generally Accepted Accounting Principles" was included in the FR Y-9C Supplemental Instructions for September 30, 2011. These instructions can be accessed via the Federal Reserve's Web site

http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_201109.pdf.

Extended Net Operating Loss Carryback Period

Holding companies should continue to follow the guidance on accounting for the extended net operating loss carryback period under the Worker, Homeownership, and Business Assistance Act of 2009, that was included in the FR Y-9C Supplemental Instructions for December 31, 2010. These instructions can be accessed via the Federal Reserve's Web site

http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_201012.pdf.

FASB Interpretation No. 48 on Uncertain Tax Positions

Holding companies should continue to follow the guidance on accounting for uncertain tax positions under FASB Interpretation No. 48 that was included in the FR Y-9C Supplemental Instructions for December 31, 2009. These instructions can be accessed via the Federal Reserve's Web site

http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_200912.pdf.

Business Combinations and Non-controlling (Minority) Interests

Holding companies should continue to follow the guidance on accounting for business combinations and non-controlling (minority) interests under FASB Statements Nos. 141(R) and 160 that was included in the FR Y-9C Supplemental Instructions for September 30, 2009. These instructions can be accessed via the Federal Reserve's Web site

http://www.federalreserve.gov/reportforms/supplemental/SI_FR Y9_200909.pdf.

Fair Value Measurement and Fair Value Option

Holding companies should continue to follow the guidance on fair value measurements under FASB Statement No. 157, *Fair Value Measurements*, and the guidance on implementing the fair value option under FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, that was included in the FR Y-9C Supplemental Instructions for

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June 30, 2009. These instructions can be accessed via the Federal Reserve's Web site http://www.federalreserve.gov/reportforms/supplemental/SI_FRY9_200906.pdf.

Accounting for Share-based Payments

Holding companies should continue to follow the guidance on accounting for share-based payments under FASB Statement No. 123 (Revised 2004), *Share-Based Payment* (FAS 123(R)), that was included in the FR Y-9C Supplemental Instructions for December 31, 2006. These instructions can be accessed via the Federal Reserve's Web site http://www.federalreserve.gov/reportforms/supplemental/SI_FRY9_200612.pdf.

Tobacco Transition Payment Program

Holding companies should continue to follow guidance on the tobacco buyout program included in the FR Y-9C Supplemental Instructions for June 30, 2006, which can be accessed via the Federal Reserve's Web site <http://www.federalreserve.gov/reportforms/supplemental/SI.FRY9.200606.pdf>.

ATTACHMENT 2

Revisions to the FR Y-9C for December 31, 2015

Report Form

(1) *Page 1.* Revised the date of report to **December 31, 2015.**

Instructions

None

Revisions to the FR Y-9LP for December 31, 2015

Report Form

(1) *Page 1.* Revised the date of report to **December 31, 2015.**

Instructions

None

Revisions to the FR Y-9SP for December 31, 2015

Report Form

(1) *Page 1.* Expiration date extended through **July 31, 2018.**

(2) *Page 1.* Revised the date of the report to **December 31, 2015.**

Instructions

None

Revisions to the FR Y-9ES for December 31, 2015

Report Form

(1) *Page 1.* Expiration date extended through **July 31, 2018.**

Instructions

None

Revisions to the FR Y-11/S for December 31, 2015

Report Form

(3) *Page 1.* Revised the date of report to **December 31, 2015.**

Instructions

None

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Revisions to the FR 2314/S for December 31, 2015

Report Form

(4) *Page 1*. Revised the date of report to **December 31, 2015**.

Instructions

None

Revisions to the FR Y-12 for December 31, 2015

Report Form

None

Instructions

None

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ATTACHMENT 3

FR Y-9SP						
Date of Change	Type of Change	Affected Edit Information				Comment
		Type	Number	Target Item	MDRM	
11/02/201	Added	Validity	446	SC-M14	BHSPG235	
11/02/201	Ended	Quality	9150	FN1	BHSPK141	
11/02/201	Revise	Quality	635	SI-12a	BHSP3156	
11/02/201	Revise	Quality	650	SI-12b	BHSP2112	
11/02/201	Revise	Quality	670	SI-12c	BHSP3513	
11/02/201	Revise	Quality	869	SC-M1	BHSP8519	
11/02/201	Revise	Quality	881	SC-M11f	BHSP8520	
11/02/201	Revise	Quality	882	SC-M11fTX	TEXT8520	
11/02/201	Revise	Quality	883	SC-M11g	BHSP8521	
11/02/201	Revise	Quality	884	SC-M11gTX	TEXT8521	
11/02/201	Revise	Quality	894	SC-M11g	BHSP8521	
11/02/201	Revise	Quality	895	SC-M11h	BHSP8522	
11/02/201	Revise	Quality	896	SC-M11hTX	TEXT8522	
11/02/201	Revise	Quality	898	SC-M11h	BHSP8522	
11/02/201	Revise	Quality	908	SC-M12e	BHSP8523	
11/02/201	Revise	Quality	909	SC-M12eTX	TEXT8523	
11/02/201	Revise	Quality	910	SC-M12f	BHSP8524	
11/02/201	Revise	Quality	911	SC-M12fTX	TEXT8524	
11/02/201	Revise	Quality	912	SC-M12f	BHSP8524	
11/02/201	Revise	Quality	914	SC-M12g	BHSP8525	
11/02/201	Revise	Quality	915	SC-M12gTX	TEXT8525	
11/02/201	Revise	Quality	916	SC-M12g	BHSP8525	
11/02/201	Revise	Quality	991	SC-M20b	BHSPC701	
11/02/201	Revise	Quality	1004	FN3	BHSP8528	
11/02/201	Revise	Quality	1005	FN3TX	TEXT8528	
11/02/201	Revise	Quality	1006	FN4	BHSP8529	
11/02/201	Revise	Quality	1007	FN4TX	TEXT8529	
11/02/201	Revise	Quality	1008	FN5	BHSP8530	
11/02/201	Revise	Quality	1009	FN5TX	TEXT8530	
11/02/201	Revise	Quality	9122	SC-M9	BHSP6796	
11/02/201	Revise	Quality	9122	SC-M10	BHSP6797	
11/02/201	Revise	Quality	9130	SC-M14	BHSP6416	
11/02/201	Revise	Quality	9140	SC-M15a	BHSP3524	
11/02/201	Revise	Quality	9140	SC-M15b	BHSP3526	
11/02/201	Revise	Quality	9140	SC-M16a	BHSP3525	
11/02/201	Revise	Quality	9140	SC-M16b	BHSP3527	
11/02/201	Revise	Quality	9140	SC-M17a	BHSP4778	
11/02/201	Revise	Quality	9140	SC-M17b	BHSPC427	
11/02/201	Revise	Quality	9140	SC-M17c	BHSPC428	
11/02/201	Revise	Quality	9140	SC-M17d	BHSP2792	
11/02/201	Revise	Quality	9140	SC-M17e	BHSP2794	

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11/02/201	Revise	Quality	9140	SC-M17f	BHSP2796
11/02/201	Revise	Quality	9140	SC-M18	BHSPC161
11/02/201	Revise	Quality	9140	SC-M19	BHSPC159
11/02/201	Revise	Quality	9140	SC-M20a	BHSPC700
11/02/201	Revise	Quality	9140	SC-M20b	BHSPC701
11/02/201	Revise	Quality	9140	SC-M21	BHSPC252

11/02/2015	Revised	Quality	9140	SC-M22	BHSPC253
11/02/201	Revised	Quality	9140	SC-M23a	BHSPG234
11/02/201	Revised	Quality	9140	SC-M23b	BHSPG235

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(most recent changes listed first by type of change, edit type, and edit number)

6/1/201	Added	Validity	0	CFO	ESOPC4
6/1/201	Added	Validity	0	DATESIGN	ESOPJ1
6/1/201	Added	Validity	0	CONTACTN	ESOP89
6/1/201	Added	Validity	0	CONTACTP	ESOP89
6/1/201	Added	Validity	0	CONTACTF	ESOP91
6/1/201	Added	Validity	0	CONTACTE	ESOP40
6/1/201	Revised	Intraseries	0	SB-M3a	ESOPC3
6/1/201	Revised	Intraseries	0	SB-M3b	ESOPC3
6/1/201	Revised	Intraseries	0	SB-M4a	ESOPC3
6/1/201	Revised	Quality	0	SB-9	ESOPC3
6/1/201	Revised	Quality	0	SB-11	ESOPC3
6/1/201	Revised	Quality	0	SB-10	ESOP21
6/1/201	Revised	Quality	0	SB-11	ESOPC3
6/1/201	Revised	Quality	0	SB-M2a	ESOPC3
6/1/201	Revised	Quality	0	SB-M2c	ESOPC3
6/1/201	Revised	Quality	0	SB-M2d	ESOPC3
6/1/201	Revised	Quality	0	SB-M2d	ESOPC3
6/1/201	Revised	Quality	0	SB-M2f	ESOPC3
6/1/201	Revised	Quality	0	SB-M4a	ESOPC3
6/1/201	Revised	Quality	0	SB-M4a	ESOPC3
6/1/201	Revised	Quality	0	SB-M4b	ESOPC3
6/1/201	Revised	Quality	0	FN1	ESOPC3
6/1/201	Revised	Quality	0	FN1	ESOPC3
6/1/201	Revised	Quality	0	FN2	ESOPC3
6/1/201	Revised	Quality	0	FN2	ESOPC3
6/1/201	Revised	Quality	0	FN3	ESOPC3
6/1/201	Revised	Quality	0	FN3	ESOPC3
6/1/201	Revised	Quality	0	FN4	ESOPC3

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6/1/201	Revised	Quality	0	FN4	ESOPC3	
6/1/201	Revised	Quality	0	FN5	ESOPC3	
6/1/201	Revised	Quality	0	FN5	ESOPC3	
6/1/201	Revised	Quality	9	SC-2	ESOPC3	
6/1/201	Revised	Quality	9	SC-3	ESOPC3	
6/1/201	Revised	Quality	9	SC-4	ESOPC3	
6/1/201	Revised	Quality	9	SC-5	ESOPC3	
6/1/201	Revised	Quality	9	SC-6	ESOP33	
6/1/201	Revised	Quality	9	SC-8	ESOPC3	
6/1/201	Revised	Quality	9	SC-9	ESOPC3	
6/1/201	Revised	Quality	9	SC-10	ESOPC3	
6/1/201	Revised	Quality	9	SC-11	ESOPC3	
6/1/201	Revised	Quality	9	SC-12	ESOPC3	
6/1/201	Revised	Quality	9	SB-8	ESOPC0	
6/1/201	Revised	Quality	9	SB-9	ESOPC3	

6/1/201	Revised	Quality	903	SB-10	ESOP217	
6/1/201	Revised	Quality	903	SB-11	ESOPC33	
6/1/201	Revised	Quality	903	SB-12	ESOPC34	
6/1/201	Revised	Quality	903	SB-13	ESOPC34	
6/1/201	Revised	Quality	903	SB-14	ESOP294	
6/1/201	Revised	Quality	903	SB-15	ESOPC34	
6/1/201	Revised	Quality	903	SB-1	ESOPC32	
6/1/201	Revised	Quality	903	SB-2a	ESOPC33	
6/1/201	Revised	Quality	903	SB-2b	ESOPC33	
6/1/201	Revised	Quality	903	SC-14	ESOPC32	
6/1/201	Revised	Quality	903	SC-15	ESPTC34	
6/1/201	Revised	Quality	903	SB-3a	ESOPC33	
6/1/201	Revised	Quality	903	SB-3b	ESOPC33	
6/1/201	Revised	Quality	903	SB-4	ESOPC33	
6/1/201	Revised	Quality	903	SB-5	ESOPC33	
6/1/201	Revised	Quality	903	SB-6	ESOPC33	
6/1/201	Revised	Quality	903	SB-7	ESOPC36	
6/1/201	Revised	Quality	904	SB-M2a	ESOPC34	
6/1/201	Revised	Quality	904	SB-M2b	ESOP728	
6/1/201	Revised	Quality	904	SB-M2c	ESOPC34	
6/1/201	Revised	Quality	904	SB-M2d	ESOPC34	
6/1/201	Revised	Quality	904	SB-M2e	ESOP728	
6/1/201	Revised	Quality	904	SB-M2f	ESOPC34	
6/1/201	Revised	Quality	905	SB-M3a	ESOPC34	
6/1/201	Revised	Quality	905	SB-M3b	ESOPC34	

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6/1/201	Revised	Quality	906	SB-M4	ESOPC34	
6/1/201	Revised	Quality	906	SB-M4a	ESOPC35	
6/1/201	Revised	Quality	906	SB-M4b	ESOPC35	
6/1/201	Revised	Quality	906	SB-M5	ESOPC35	
6/1/201	Revised	Quality	906	SB-M6	ESOPC35	
6/1/201	Revised	Quality	906	SB-M7	ESOPC35	
6/1/201	Revised	Quality	906	SB-M8	ESOPC35	
6/1/201	Revised	Validity	003	SC-7	ESOPC32	
6/1/201	Revised	Validity	004	SC-12	ESOPC32	
6/1/201	Revised	Validity	006	SC-13	ESOPC32	
6/1/201	Revised	Validity	007	SC-15	ESOPC32	
6/1/201	Revised	Validity	020	SB-10	ESOP217	
6/1/201	Revised	Validity	025	SB-14	ESOP294	
6/1/201	Revised	Validity	027	SB-15	ESOPC34	
6/1/201	Revised	Validity	030	SB-15	ESOPC34	
6/1/201	Revised	Validity	039	SB-M4	ESOPC34	
6/1/201	Revised	Validity	040	SB-M4a	ESOPC35	
6/1/201	Revised	Validity	041	SB-M4b	ESOPC35	

6/1/201	Revised	Validity	042	SB-M7	ESOPC35	
6/1/201	Revised	Validity	043	SB-M8	ESOPC35	