

FAS 167 Implementation

- June 2009 FASB issued FAS 167
 - Revised requirements for the consolidation of variable interest entities (VIE)
- Criteria for determining when an entity is a VIE
 - Equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support
 - Equity investors lack one or more of the following:
 - Direct or indirect ability to make decisions about entity's activities
 - Obligation to absorb expected losses of the entity
 - Right to receive expected residual returns of the entity
 - Equity investors have voting rights that are not proportionate to their economic interest

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Primary Beneficiary

- Institutions that hold VIEs must determine:
 - If an entity is a VIE
 - Using criteria highlighted on proceeding slide
 - Which "variable interest" holder should consolidate the VIE
 - Is the institution the primary beneficiary of the VIE
 - Use qualitative assessment to determine primary beneficiary
 - Power to direct activities of VIE that most significantly impact the economic performance of the VIE
 - Obligation to absorb losses or right to receive benefits that could potentially be significant to the VIE

Schedule HC-V

- Currently, VIEs are reported on the FR Y-9C and consolidated on a line-by-line basis
- Goals:
 - Enhance disclosure requirements
 - Provide transparency about institution's activities and risks.
 - Disclose how institution's involvement with VIEs affect financial statements
- Schedule HC-V requires reporting of asset and liabilities of VIEs
 - Report assets that can be used only to settle obligations of the consolidated VIEs
 - Report liabilities for which creditors do not have recourse to the general credit of the reporting BHC
- Present separately for: securitization vehicles, asset-backed commercial paper conduits, and other VIEs.

Schedule HC-V: Assets

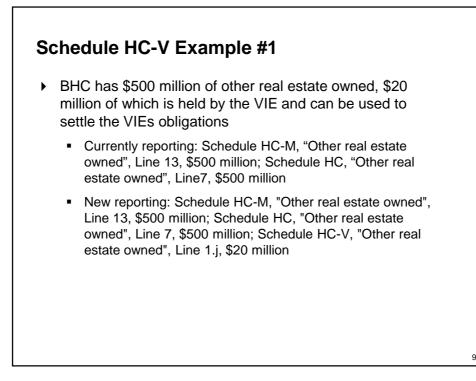
- Assets similar to asset break-out on Schedule HC
 - Cash and balances due from depository institutions
 - HTM securities
 - AFS securities
 - Securities purchased under agreements to resell
 - Loans and leases held for sale
 - Loans and leases, net of unearned income
 - Less: Allowance for loan and lease losses
 - Trading assets (other than derivatives)
 - Derivative assets
 - OREO
 - Other Assets

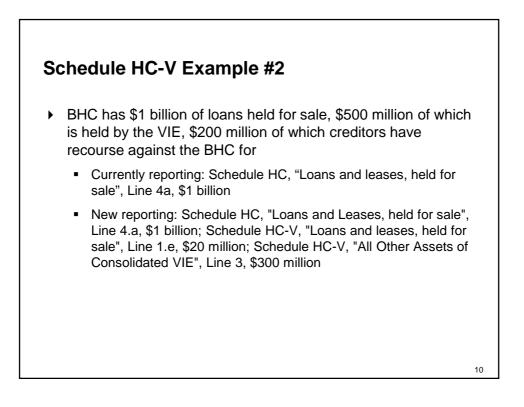
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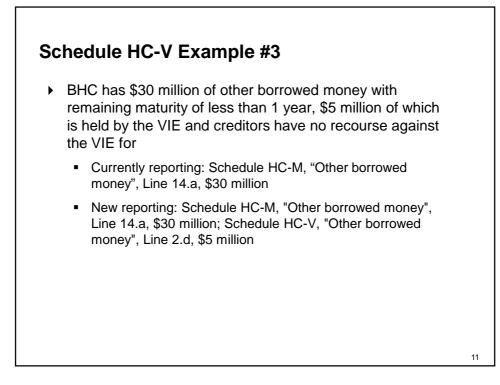
Schedule HC-V: Liabilities

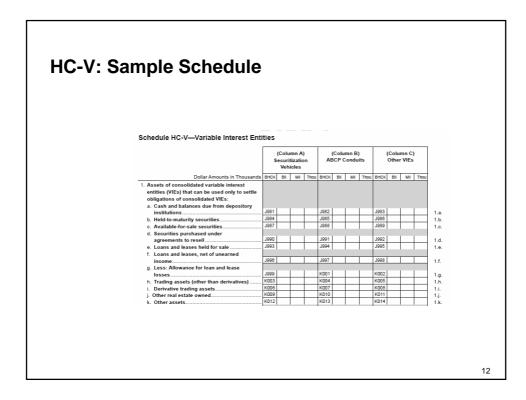
- Liabilities similar to liability break-out on Schedule HC
 - Securities sold under agreements to repurchase
 - Derivative liabilities
 - Other Borrowed Money
 - Commercial paper
 - Other liabilities
- Amounts reported are a break-out of BHCs consolidated assets and liabilities reported on Schedule HC

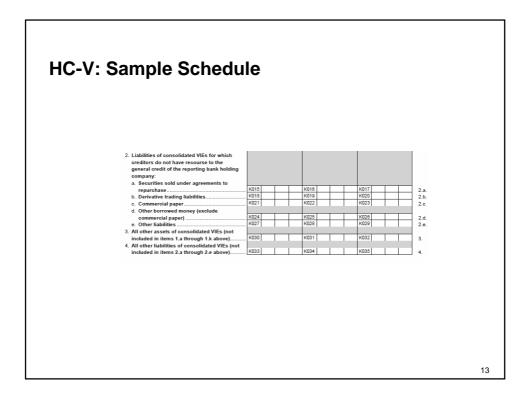
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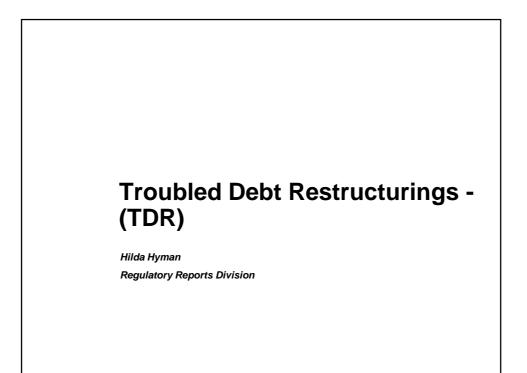






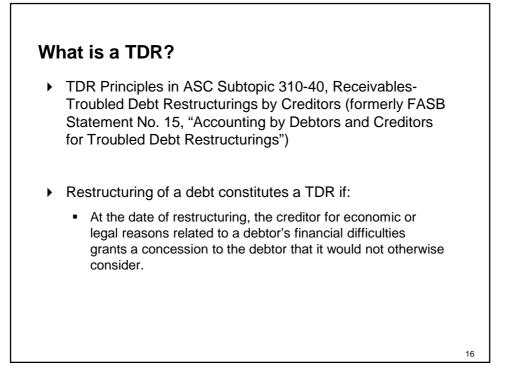






TDR

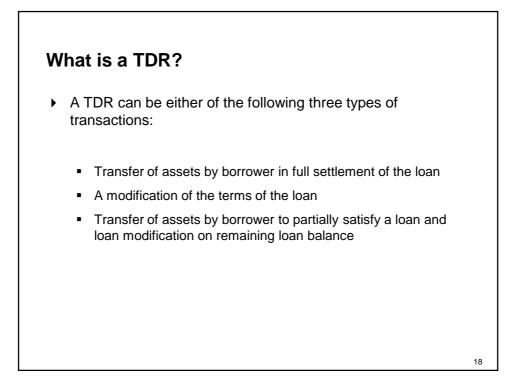
- Definition
- Changes impacting FR Y-9C, Call Report, FR Y-9LP, FR 2314, and FR Y-11
- Exposure Draft Overview
- Common Reporting Questions

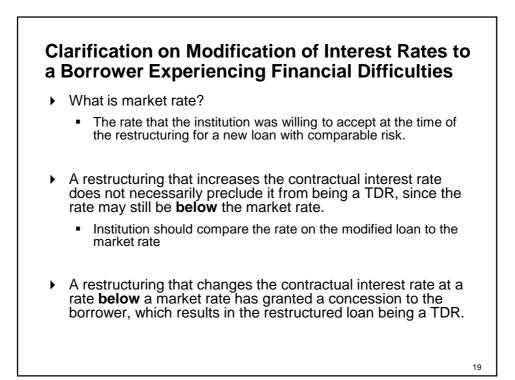


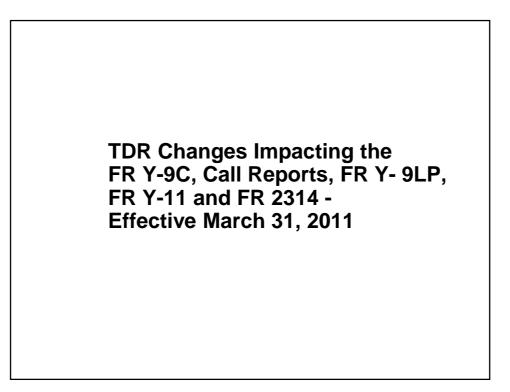
What is TDR?

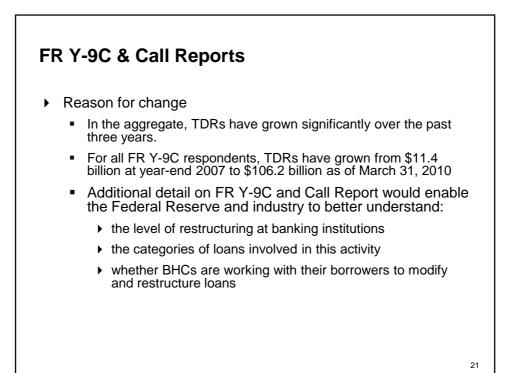
- What is financial difficulty?
 - Indications of financial difficulties include:
 - Borrower is currently in default on any of its debt
 - Borrower has filed for bankruptcy
 - Without the current modification, the borrower cannot obtain funds from sources other than the existing lender at a market rate
- What is a concession?
 - Types of concessions include:
 - Reduction in interest payments
 - Extension of maturity date
 - Reduction in principal
 - Reduction in accrued interest

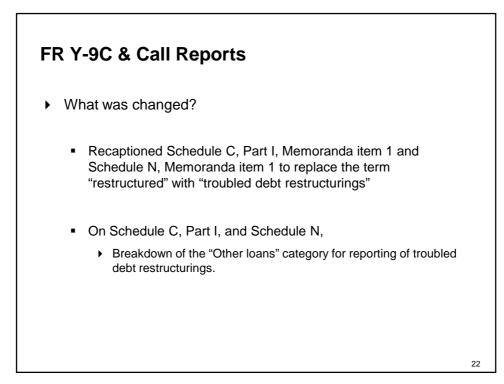


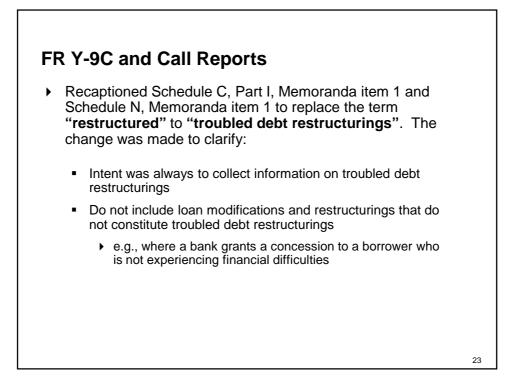


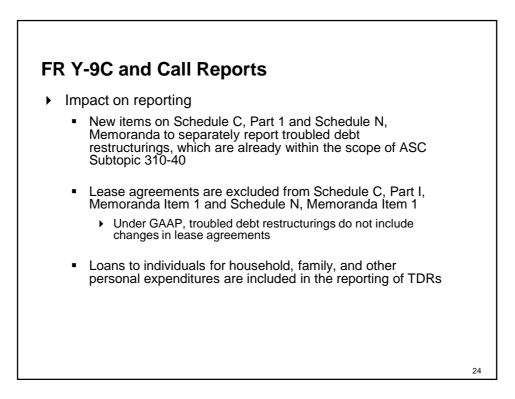








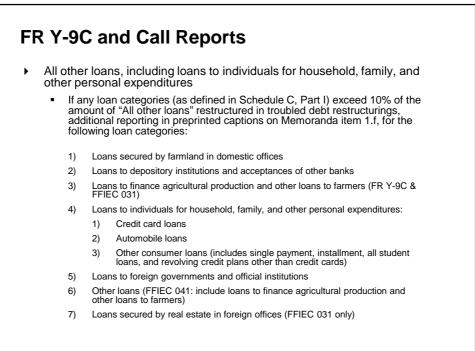


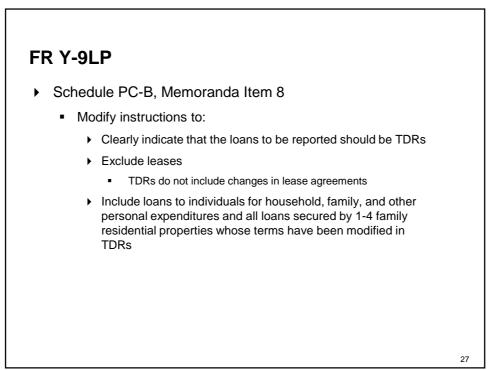


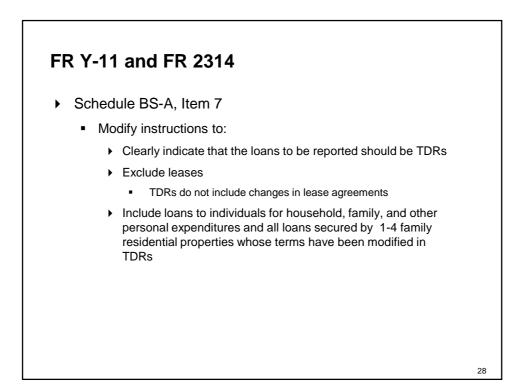
FR Y-9C and Call Reports

- New items on Schedule C, Part 1 and Schedule N, Memoranda
 - Construction, land development, and other land loans in domestic offices
 - 1-4 family residential construction loans
 - > Other construction loans and all land development and other land loans
 - Loans secured by 1-4 family residential construction loans in domestic offices
 - Loans secured by multifamily (5 or more) residential properties in domestic offices
 - Loans secured by nonfarm nonresidential properties in domestic offices
 - Loans secured by owner-occupied nonfarm nonresidential properties
 - Loans secured by other nonfarm nonresidential properties
 - Commercial and industrial loans
 - All other loans, including loans to individuals for household, family, and other personal expenditures

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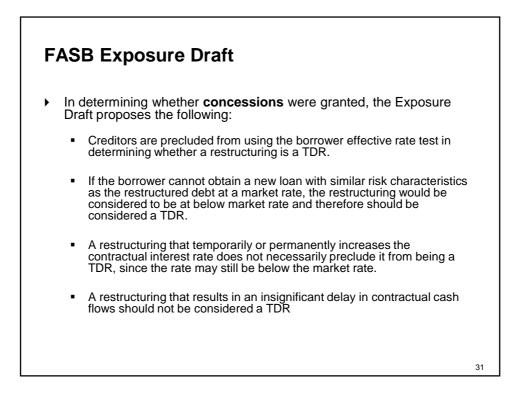


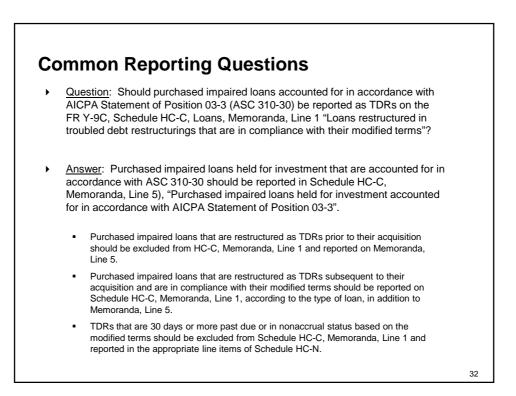


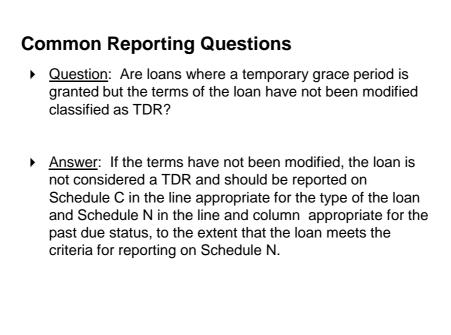
Exposure Draft Proposed Accounting Standards Update, *Clarifications to* Accounting for Troubled Debt Restructurings by Creditors

FASB Exposure Draft

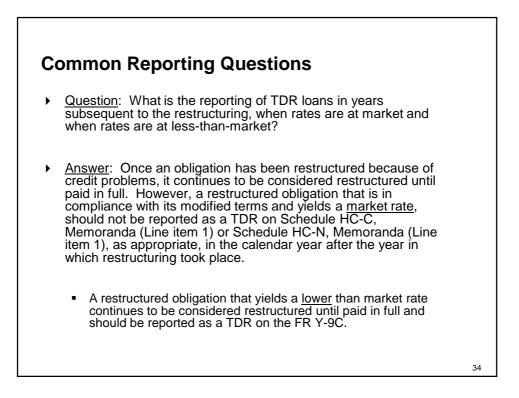
- FASB Exposure Draft on October 12, 2010, Proposed Accounting Standards Update, *Clarifications to Accounting for Troubled Debt Restructurings by Creditors.* The ASU is effective for interim and annual periods on or after June 15, 2011.
 - In determining whether a borrower is experiencing financial difficulty, the Exposure Draft proposes that:
 - a borrower that is not currently in default may still be considered to be experiencing financial difficulty when payment default is considered "probable in the foreseeable future".







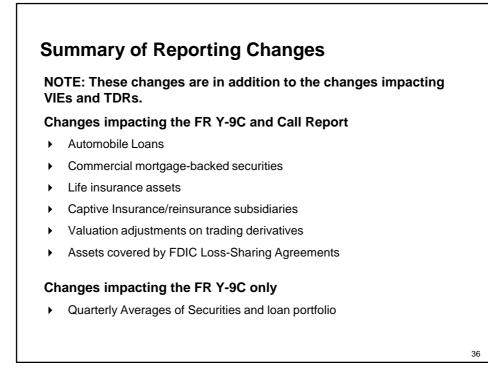




Changes to Regulatory Reports

Jamie Ferkov

Regulatory Reports Division



Summary of Reporting Changes

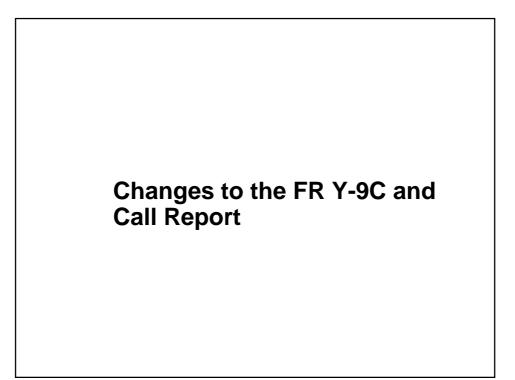
Changes impacting the Call Report only

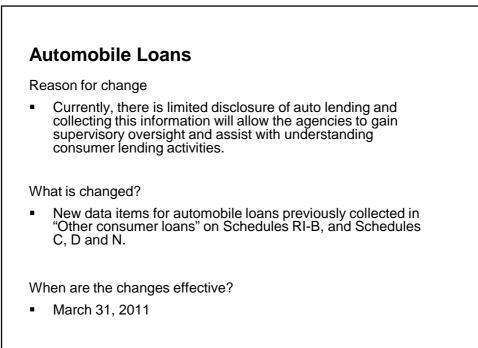
- Collective investment funds
- > Deposits obtained through deposit listing service companies
- Noninterest-Bearing Transaction Accounts

Changes impacting the FFIEC 101

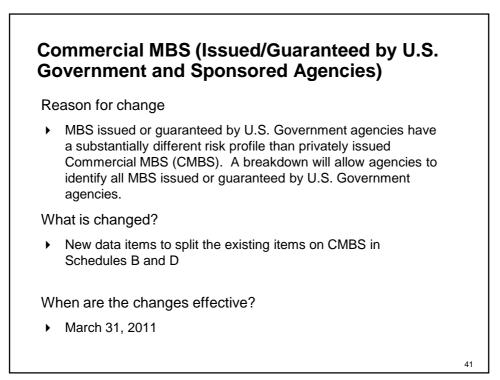
- Qualifying Trust Preferred Securities
- Savings Association's Risk-based Capital Ratio
- Equity Exposures

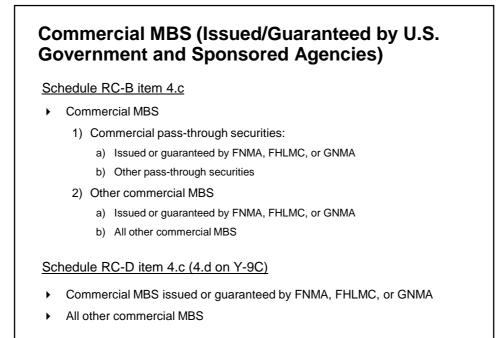
Changes impacting Nonbank Subsidiary Reports (FR Y-11 and FR 2314)





Automobile Loans Definition: Automobile loans will include all consumer loans arising from retail sales of passenger cars and other vehicles All consumer loans that are collateralized by automobiles where: Proceeds **only** go toward automobile purchase should be reported as "Automobile loans". • Proceeds are towards automobile purchase and used for other ▶ purposes: Originated/purchased before April 1, 2011 may be reported as either "Automobile loans" or "Other consumer loans", at the banks option. Originated/purchased on or after April 1, 2011, should be reported as "Other customer loans". 40





Life Insurance Assets

Reason for change

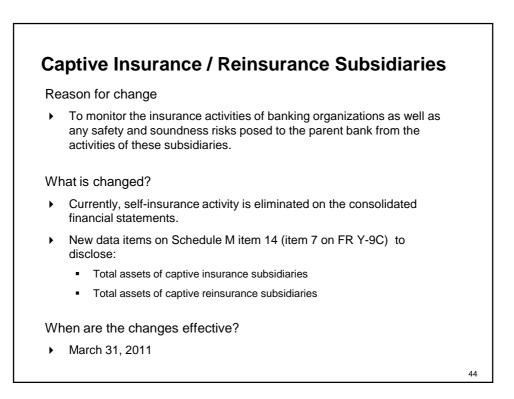
The aggregate amount of life insurance assets is currently reported in Schedule F, Other Assets, without regard to whether the holdings are general account or separate account policies. More detailed disclosure will assist in monitoring and analyzing the credit risk involved and performance measures in a volatile market.

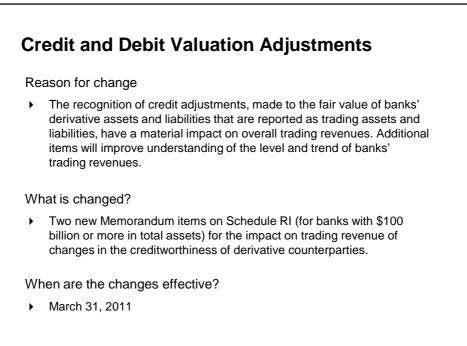
What is changed?

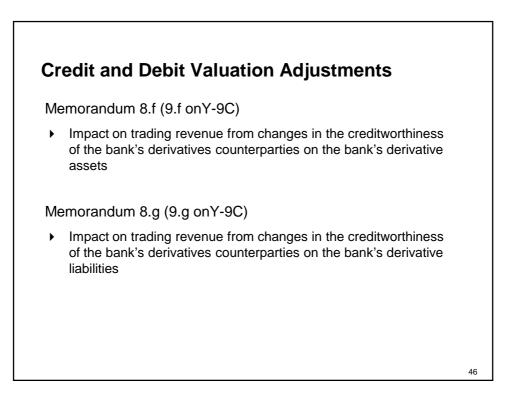
- New data items on Schedule F to separately disclose:
 - General account life insurance assets
 - Separate account life insurance assets
 - Hybrid account life insurance assets

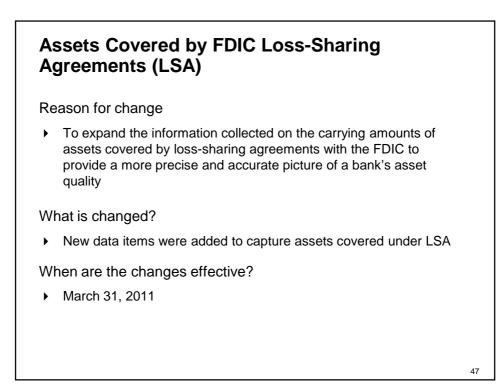
When are the changes effective?

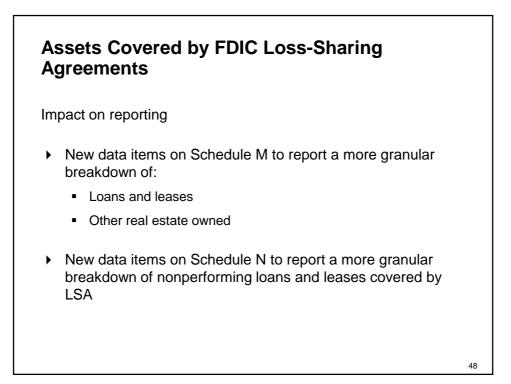
March 31, 2011



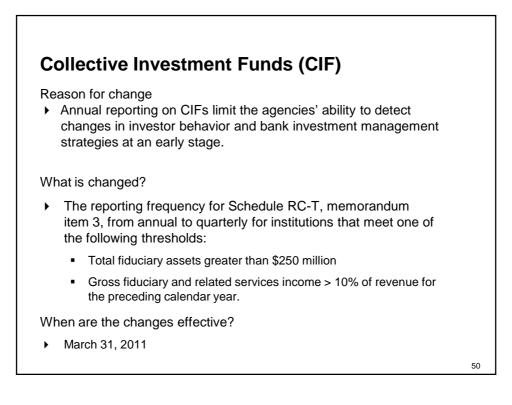














Deposits Obtained Through Deposit Listing Service Companies

Reason for change

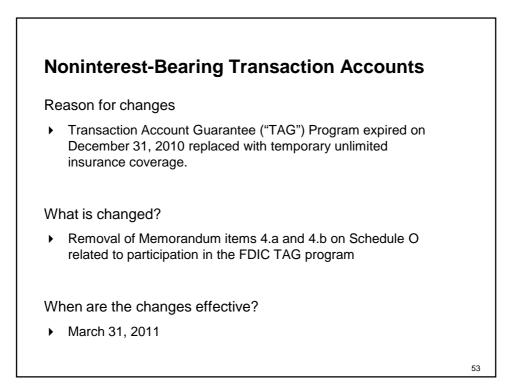
To collect data, specifically deposits obtained through the use of deposit listing service, to analyze institutions' liquidity and funding, including their reliance on non-core sources to fund their activities.

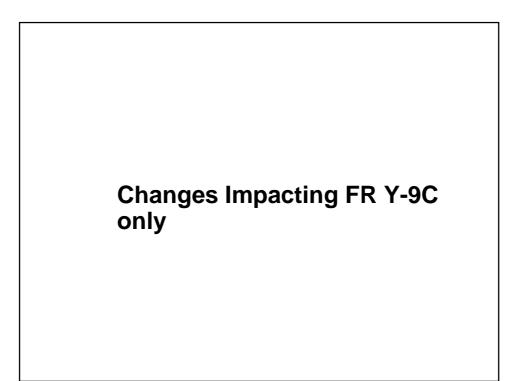
What is changed

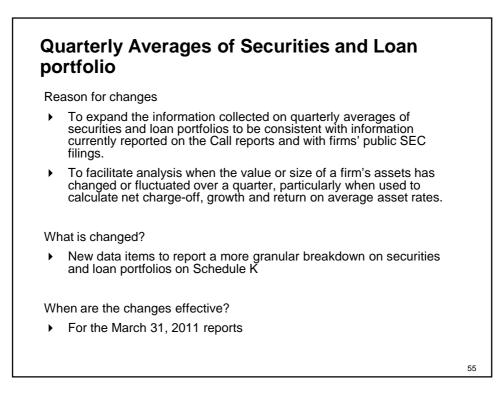
 New Memorandum item to Schedule RC-E to capture the amount of deposits obtained through the use of deposit listing services that are not brokered deposits

When are the changes effective?

March 31, 2011







Quarterly Averages of Securities and Loan portfolio

Securities

- U.S. Treasury and U.S. government agency obligations (exclude MBS)
- MBS

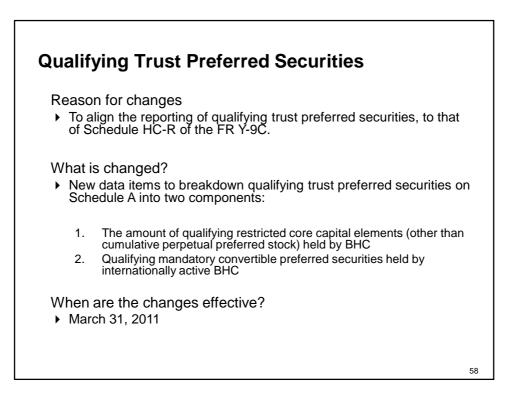
All other securities

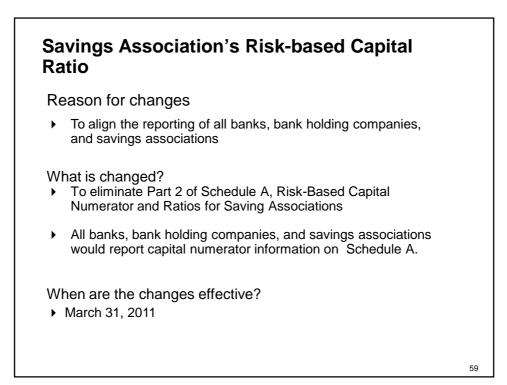
Loans

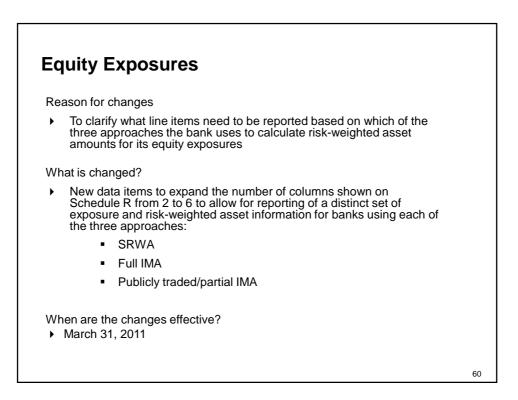
- Loans secured by 1-4 family residential properties
- All other loans secured by RE
- > Loans to finance agricultural production and other loans to farmers
- Commercial and industrial loans
- Loans to individuals for household, family, and other personal expenditures:
 - Credit cards
 - Automobile loans
 - Other

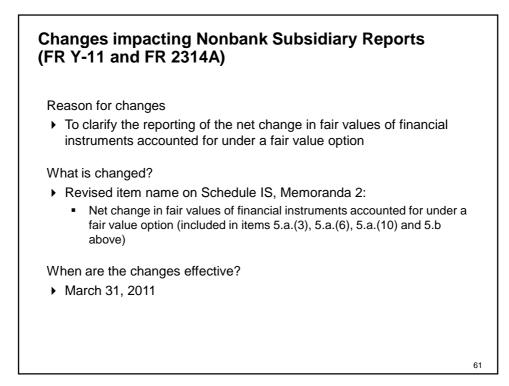
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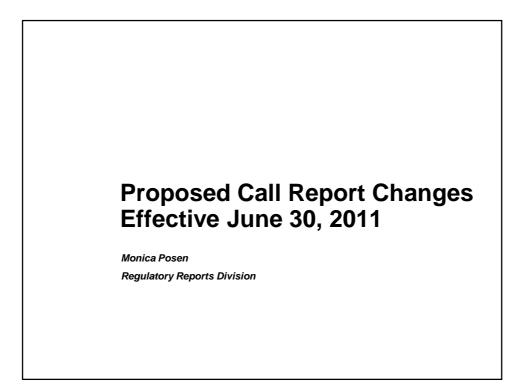
Changes Impacting the FFIEC 101

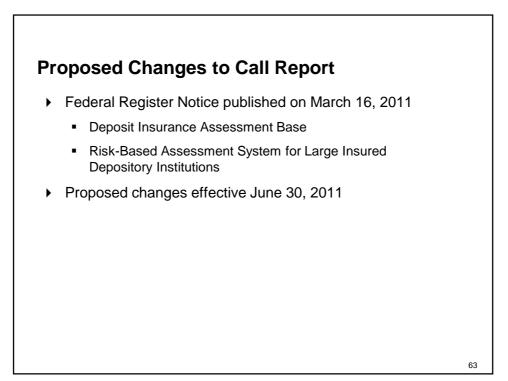


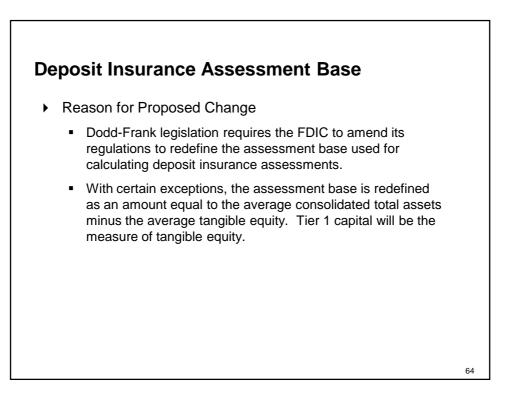


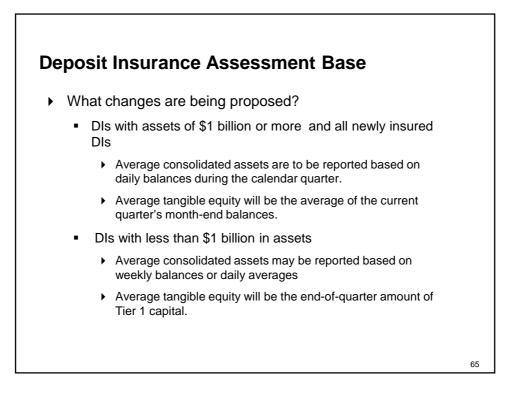


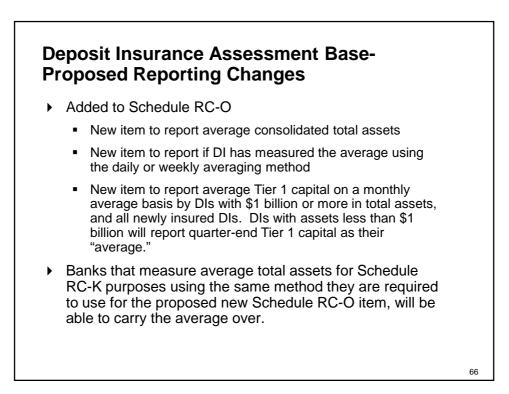












Deposit Insurance Assessment Base-Custodial Banks

- A custodial bank is an insured DI with fiduciary and custody and safekeeping assets of at least \$50 billion. A custodial bank is permitted to deduct certain average lowrisk assets from its assessment base.
- Proposed reporting changes for custodial banks
 - Add a yes/no question that would ask whether the DI meets the definition of a custodial bank.
 - If yes, the DI would report the average amount of:
 - Qualifying low-risk assets
 - Transaction account deposit liabilities linked to a fiduciary custody or safekeeping account
 - These two items are in addition to the proposed changes discussed previously.

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Risk-Based Assessment System for Large Insured Depository Institutions Reason for Change • The assessment system applicable to large insured DIs has been amended to better capture risk. Assessment rates for large insured DIs will be calculated using a scorecard that combines CAMELS ratings and certain forward-► looking financial measures. What are the proposed changes? ► Most of the data used as input to the scorecard measures for large institutions and highly complex institutions are available from the Call Reports; however data items needed to compute the following four scorecard measures are not: Higher risk assets Top 20 counterparty exposures ۲ Largest counterparty exposures Criticized/classified items

Risk-Based Assessment System for Large Insured Depository Institutions- Proposed Reporting Changes

- Criticized and Classified Items
 - Four new data items: Special Mention; Substandard; Doubtful; Loss
- Nontraditional Mortgage Loans
 - One new item for the balance sheet amount of nontraditional 1-4 family residential mortgage loans
- Subprime Consumer Loans
 - One new item for the balance sheet amount of subprime consumer loans
- Leveraged Loans
 - One new item for the amount of leveraged loans

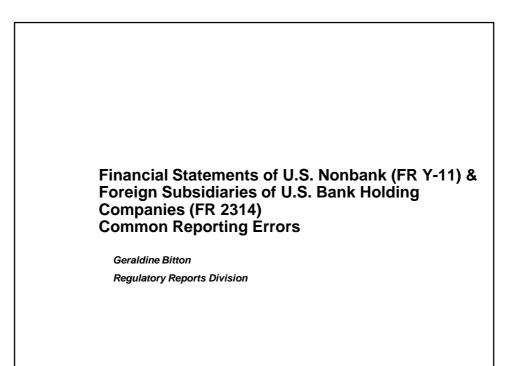
Risk-Based Assessment System for Large Insured Depository Institutions- Proposed Reporting Changes

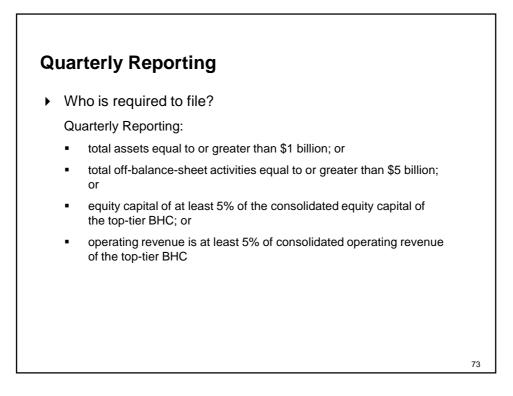
- Loans Wholly or Partially Guaranteed by the U.S. Government
 - For loans other than those guaranteed by FDIC losssharing agreement, new items to report, for seven loan categories, the portion of the amount of funded loans that is guaranteed or insured by the U.S. Government including its agencies and its government-sponsored agencies.
- Other Real Estate Owned Wholly or Partially Guaranteed by the U.S. Government
 - ➤ For ORE excluding ORE covered under FDIC loss-sharing agreements, one new item to report the amount of ORE that is recoverable from the U.S. government and agencies.

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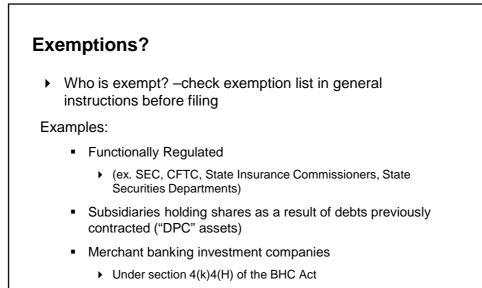
Risk-Base Assessment System for Large Insured Depository Institutions- Proposed Reporting Changes

- Core Deposit Ratio
 - One new item to support the calculation of the core deposits/total liabilities ratio
- Highly Complex Institutions only
 - Top 20 Counterparty Exposures
 - One new item for the total amount of the DIs 20 largest counterparty exposures
 - Largest Counterparty Exposure
 - One new item to report the amount of DIs the largest counterparty exposure





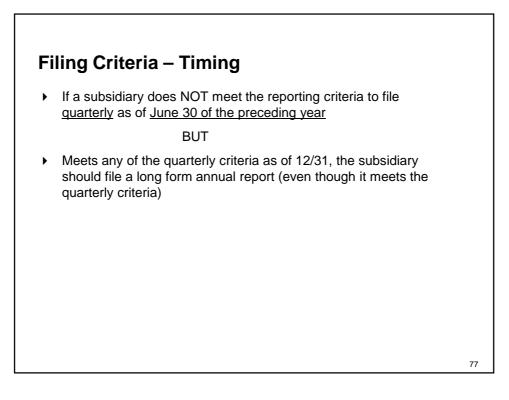
Annual Reporting	
Annual Reporting – Detailed	
 total assets are greater than or equal to \$250 million (but < \$1 billion) 	
 Annual Reporting – Abbreviated 	
 total assets are greater than or equal to \$50 million but less than \$250 million 	
OR	
 total assets are greater than 1% of consolidated assets of top-tier BHC 	
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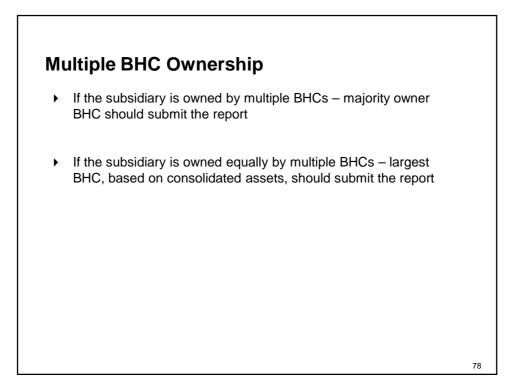


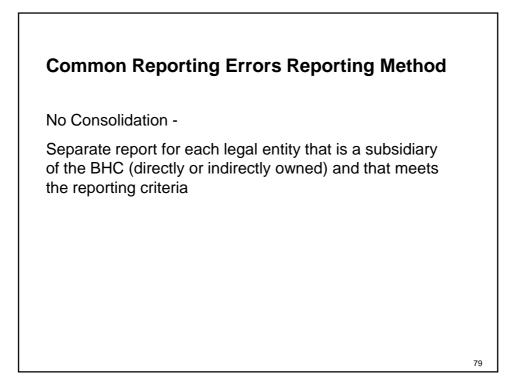


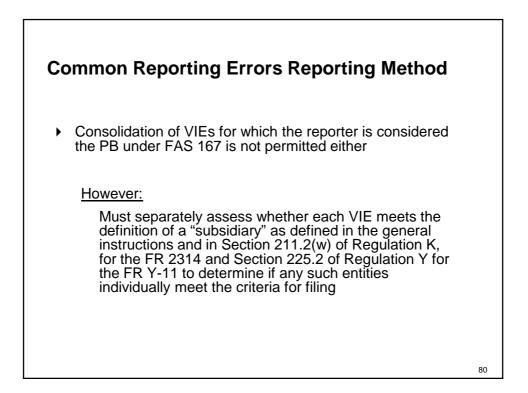
Filing Criteria - Timing

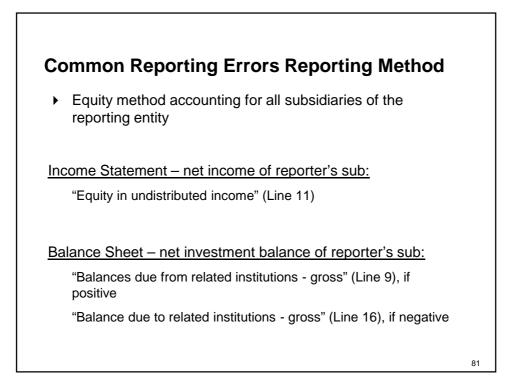
- If a subsidiary meets the reporting criteria to file <u>quarterly</u> as of <u>June 30 of the preceding year</u>, the BHC must file the quarterly report beginning in <u>March</u> of the current year <u>through March of</u> <u>the following year</u>
- If a subsidiary meets the reporting criteria <u>due to a business</u> <u>combination</u>, the BHC must file a quarterly report beginning with the first quarter following the effective date of the business combination

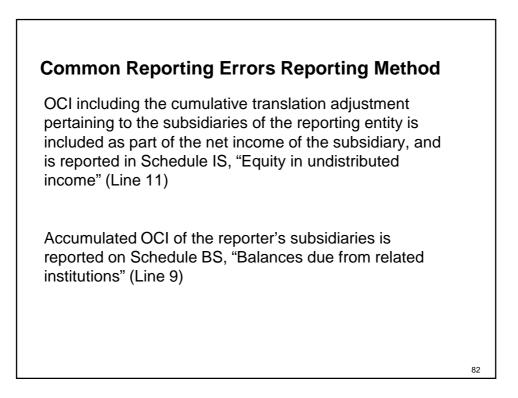


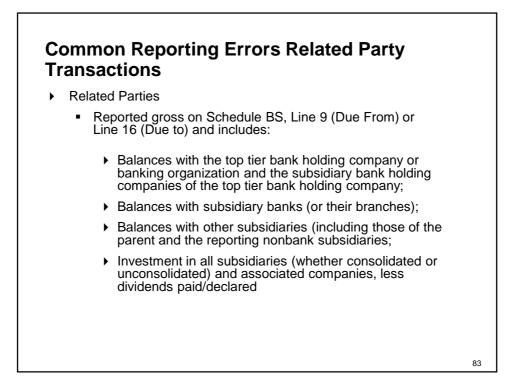


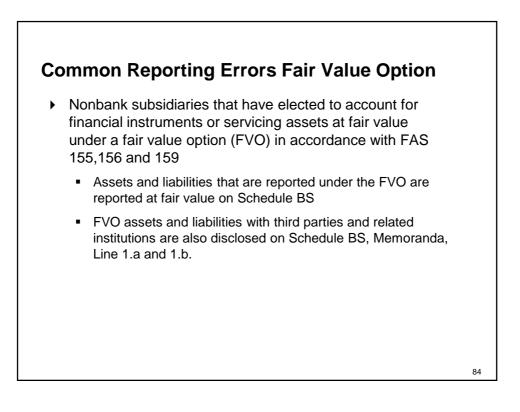


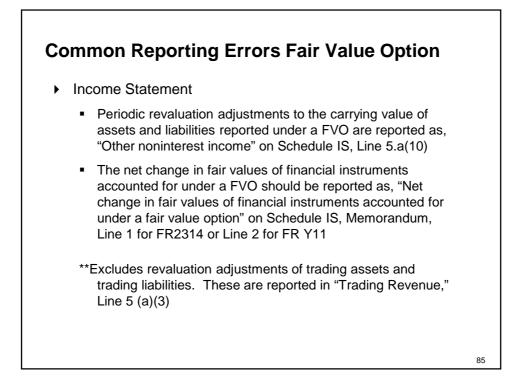


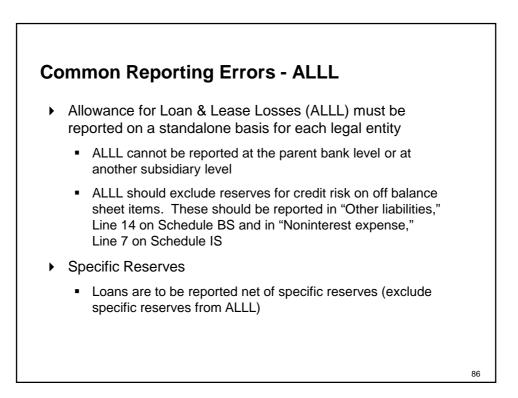


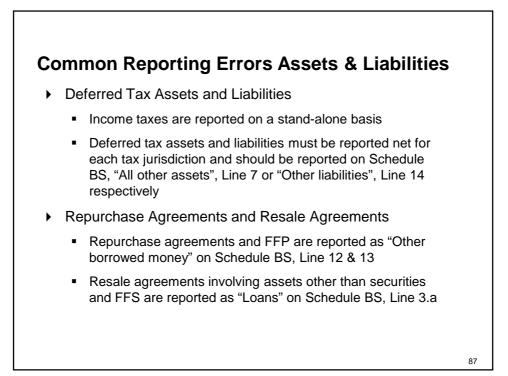


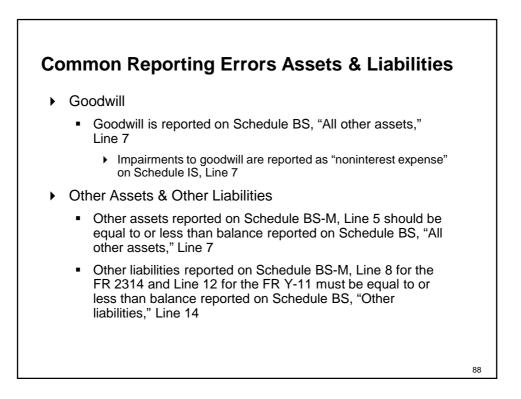


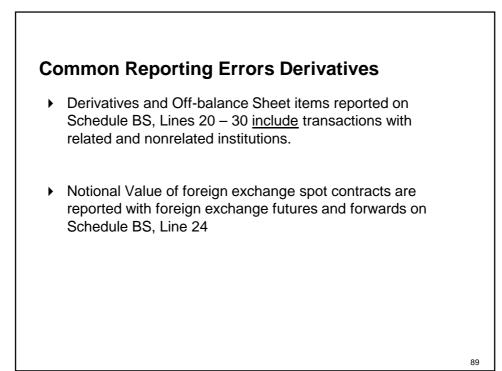


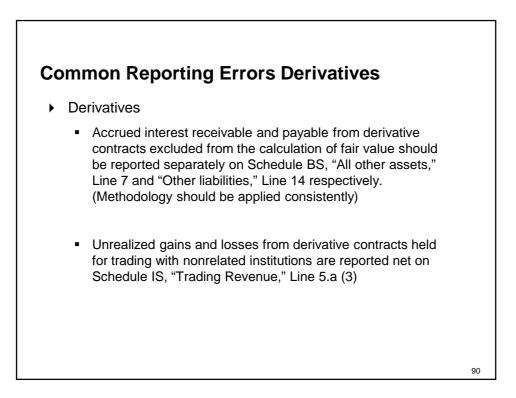


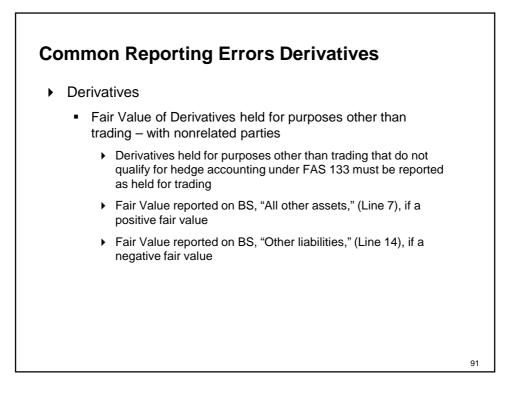


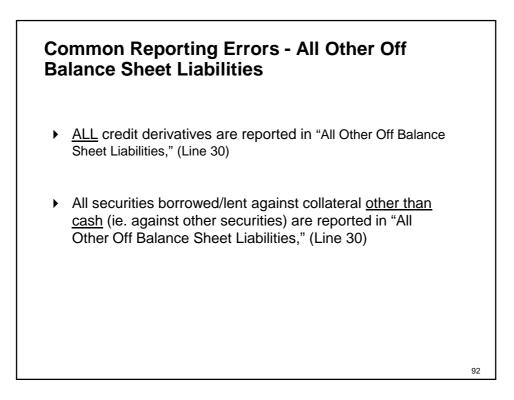










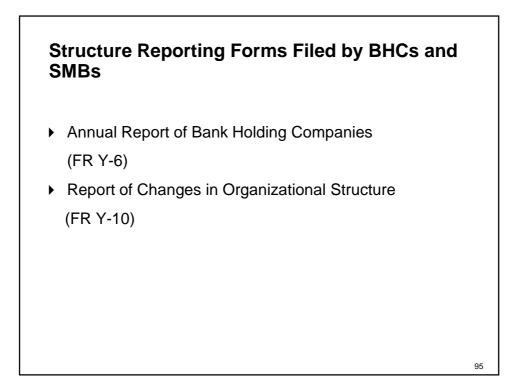


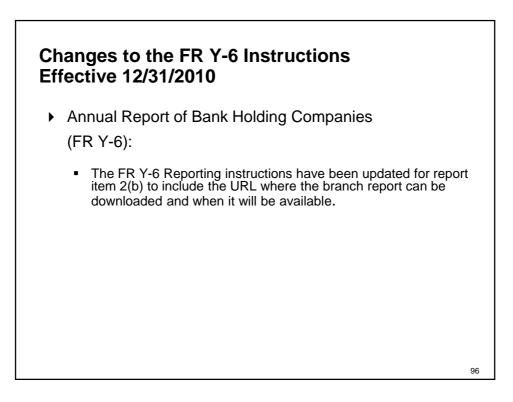
Structure Reporting Update for Bank Holding Companies and Unaffiliated State Member Banks

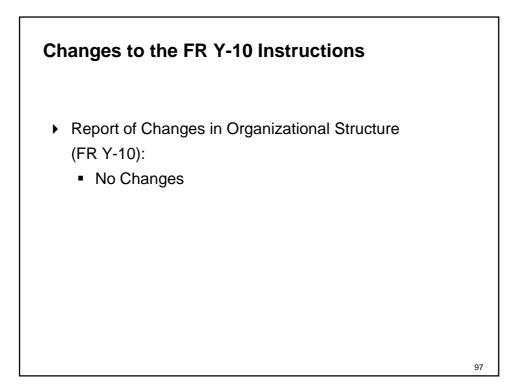
Tamika Bowman Banking Structure Division

Agenda

- Structure reporting forms filed by Bank Holding Companies (BHCs) and State Member Banks (SMB) not affiliated with a BHC
- Changes to the FR Y-6 & FR Y-10 Instructions, effective December 31, 2010
- Changes to the FR Y-10 online application, effective March 31, 2011
- FR Y-6 & FR Y-10 Training in 2012







Changes to the FR Y-10 Online Application Effective 3/31/2011

- FR Y-10 Online Application
 - Online Reporting Changes
 - Changed to "Event based" reporting
 - Implementation of "Force Find" feature
 - Video training first week of April 2011

Training for the FR Y-6 & FR Y-10

▶ 2012 TBA

RB Contacts		
Domestic Financial Reports I	Department	
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FR Y-9 Reports		
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Christine Burke	Team Leader	212-720-2409
Banking Structure Departme	nt	
Kenneth Aberbach	Staff Director	212-720-8234
FR Y-6/FR Y-10 Reports		
Judy Ekwughalu	Team Leader	212-720-6760
Michael Schwartzberg	Team Leader	212-720-2378

FFIEC 009 INSTRUCTIONAL CLARIFICATION

ALEX SANTANA

International Reports Division

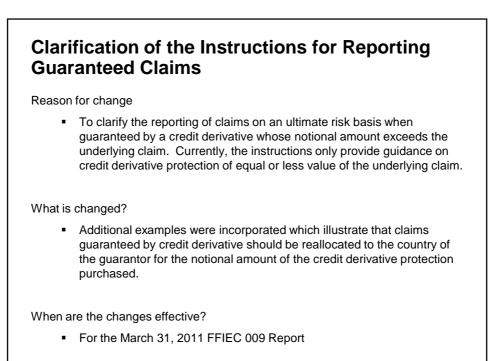
Clarification of the Instructions for Reporting Guaranteed Claims

Reason for change

 To clarify that though foreign resident guarantees on a claim on a U.S. resident does not cover transfer risk it should continue to be reported as an outward risk transfer for the United States and an inward risk transfer to the sector and country of residence of the guarantor.

What is changed?

- Instructions have been clarified to include:
 - Note: If a claim on a U.S. resident is guaranteed by a foreign resident, it should be reported in the row for the United States in Columns 9 through 10 (depending on the sector of the immediate counterparty), and in the row for the country of the foreign guarantor in Columns 12 through 14 and in Columns 15 through 20 (depending on the sector of the foreign guarantor and whether the claim is cross-border or not), as instructed in Section IV.B and as illustrated in examples 11, 12, 13, and 17 in Section IV.C. In such cases, it is not necessary for the guarantee to cover transfer risk, because a loan to a U.S. resident carries no transfer risk.



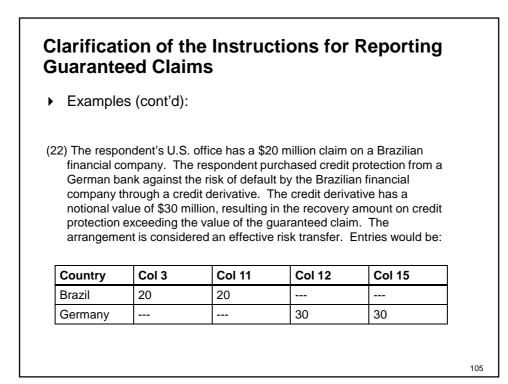
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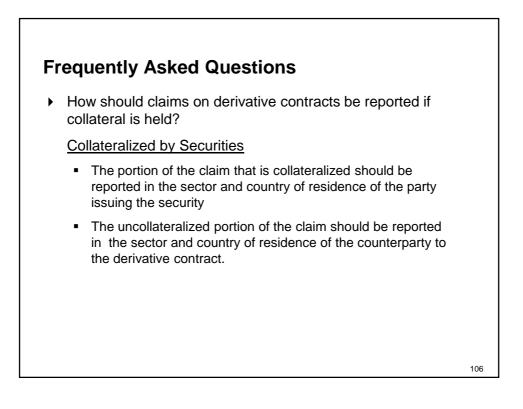
Clarification of the Instructions for Reporting Guaranteed Claims

• Examples:

(21) The respondent's U.S. office has a \$20 million claim on a Malaysian financial company. The respondent purchased credit protection from a German bank against the risk of default by the Malaysian financial company through a credit derivative. The credit derivative has a notional value of \$20 million. The arrangement is considered an effective risk transfer. Entries would be:

Country	Col 3	Col 11	Col 12	Col 15
Malaysia	20	20		
Germany			20	20



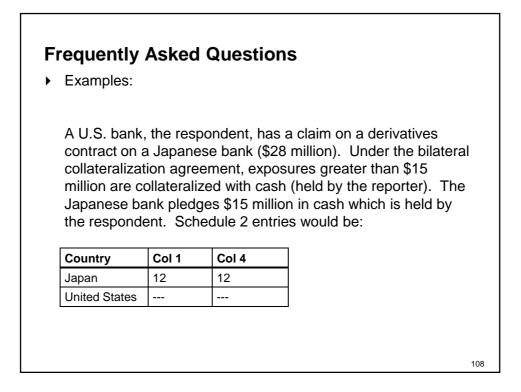


Frequently Asked Questions

 How should claims on derivative contracts be reported if collateral is held? (cont'd)

Collateralized by Cash

- If the following criteria are met, cash collateral received can be netted against claims on derivative contracts:
 - ▶ FIN 39-1 applies and
 - Collateral is held by the reporting institution
- If cash collateral is held by a third party foreign resident, then the collateralized portion should be reported in the sector and country of the institution holding the collateral
- The uncollateralized portion of the claim should be reported in the sector and country of residence of the counterparty to the derivative contract.



Examples (co	ont'd):		
collateral is h entries would	eld by a Switz I be:	ve, except that th erland bank. So	
Country	Col 1	Col 4	
Switzerland	15	15	
Japan	12	12	

ame as the original example, except that German overnment bonds were pledged as collateral. Schedule entries would be: Country Col 1 Col 2 Col 4 Germany 15 15 Japan 12 12 United	Examples (c	ont'd):			
Germany 15 15 Japan 12 12	government 2 entries wo	bonds wer uld be:	e pledged as	collateral.	
Japan 12 12					
United		12		-	
States	المعنفه ما				

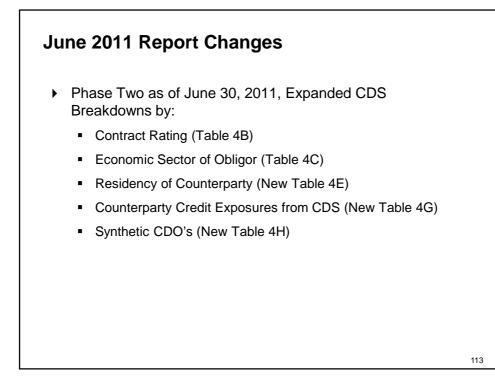
FR 2436 SEMIANNUAL REPORT OF DERIVATIVES ACTIVITY JUNE 2011 REPORT CHANGES

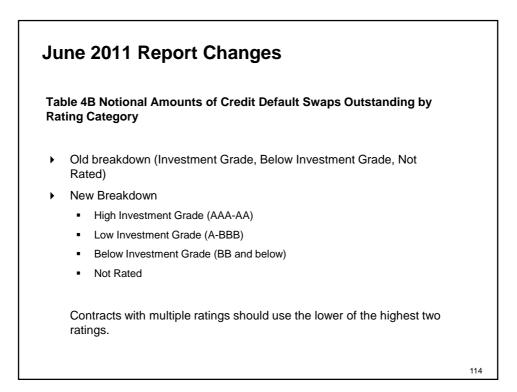
Justin McAvoy Government Securities Dealers Statistics Unit

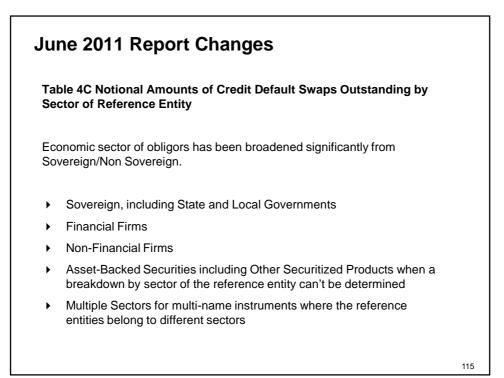


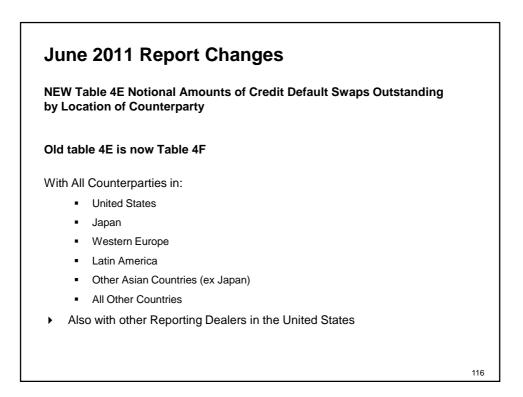
 Second phase of the two-phase data improvement effort focused on credit derivatives:

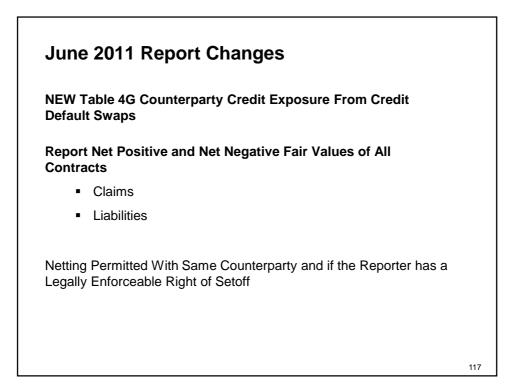
- Phase One Implemented in June 2010 Focused on the Highest Priorities:
 - Expanded Counterparty Sector Expansion
 - Sector expansion including Central Counterparties, Special Purpose Vehicles, and Hedge Funds
 - Applied to all credit derivative tables 4A-4E
 - Multi Name Index CDS
 - Index/Non Index Multi Name Credit Derivatives added on Table 4D

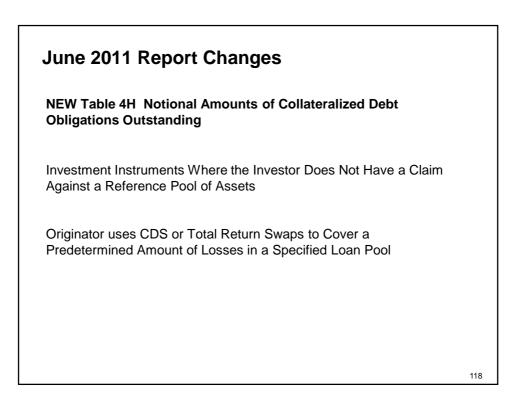












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