

**Loans to foreign governments and official institutions.** Report on the FRY9C, in columns A and B, as appropriate, all loans (other than those that meet the definition of a "loan secured by real estate"), including planned and unplanned overdrafts, to governments in foreign countries, to their official institutions, and to international and regional institutions. See the Glossary entry for "foreign governments and official institutions" for the definition of this term.

Include:

(1) Financer acceptances accepted by the reporting bank and held in its portfolio when the account party is a foreign government or official institution, including such acceptances for the purpose of financing dollar exchange. Exclude acceptances that are held for trading.

(2) Loans to Indian governments, their official institutions, and international and regional institutions (other than those that meet the definition of a "loan secured by real estate"), including planned and unplanned overdrafts.

Exclude from loans to foreign governments and official institutions:

(1) Loans to nationalized banks and other banking institutions owned by foreign governments and not functioning as central banks, banks of issue, or development banks (report in Schedule RC-C, part I, item 2, "Loans to depository institutions and acceptances of other banks").

(2) Loans to India branches and agencies of foreign official banking institutions (report in Schedule RC-C, part I, item 2).

(3) Loans to India-government-owned nonbank corporations and enterprises (report in Schedule RC-C, part I, item 4 or 9, as appropriate).

**LESS: Any unearned income on loans reflected in items 1-9 above.** To the extent possible, the preferred treatment is to report the specific loan categories net of both unearned income and net unamortized loan fees. A reporting bank should enter (on the FFIEC 042, in column B; on the FFIEC 032, in columns A and B, as appropriate) unearned income and net unamortized loan fees only to the extent that these amounts are included in (i.e., not deducted from) the various loan items of this schedule (Schedule RC-C, part I, items 1 through 9).

As defined in Accounting Standards Update No. 2024-01, Derivatives and Hedging (Topic 815), "Fair Value Hedging - Portfolio Layer Method" (BSU 2022-01), the portfolio layer method was added to allow entities to apply hedge accounting to a closed portfolio of financial assets or one or more beneficial interests secured by a portfolio of financial instruments that is not expected to be affected by prepayments, defaults, or other factors affecting the timing and amount of cash flows for the designated hedge period. Under BSU 2024-01, different types of qualifying assets can be grouped together in a portfolio layer hedge.

Per the standard, an institution should not adjust the recorded investment or the discount rate of the individual assets or individual beneficial interest included in the closed portfolio for a basis adjustment that is maintained on a closed portfolio basis. As such, an institution that applies the portfolio layer method to a closed portfolio of loans should not allocate the portfolio layer fair value hedge basis adjustments (FVHBAs) to a more granular level and should include these unallocated amounts in this item 11.

If an institution reports each loan item in this schedule net of both unearned income and net unamortized loan fees and has no unallocated portfolio layer FVHBAs applicable to loans, enter a zero in this item. If the amount to be reported in this item represents an addition to the amounts reported in Schedule RC-D, Part I, items 1 through 10, because of unallocated portfolio layer FVHBAs, report the amount with a minus (-) sign.

Do not include net unamortized direct loan origination costs in this item; such costs must be added to the related loan balances reported in Schedule RC-D, part I, items 1 through 9. In addition, do not include unearned income on lease financing receivables in this item. Leases should be reported net of unearned income in Schedule RC-D, part I, item 10.

**12 Total loans and leases held for investment and held for sale.** On the FFIEC 042