General Procedures to Evaluate Emergency Capital Investment Program (ECIP) Quarterly Supplemental Reports in connection with Auditor Attestations

Purpose

Treasury understands that certain recipients of ECIP investments ("Participants") and their independent auditors ("Auditors") will enter into an agreed-upon procedures engagement to provide a report to assist the Participant and the ECIP Program in assessing the effectiveness of the Participant's processes and controls, including the completeness and accuracy of the data reported by the Participant in its Quarterly Supplemental Reports (QSRs), for the use of the Participant and the Department of the Treasury.

The procedures below are intended as a guide for Participants and their Auditors to use in developing agreed-upon procedures to be performed by the Auditor to support the Auditor Attestation required pursuant to Section 4.1(d)(2)(ii) of the Securities Purchase Agreement.

Capitalized terms used and not defined herein have the meanings ascribed to them in the Securities Purchase Agreement or the Instructions for the Quarterly Supplemental Report for Insured Depository Institutions, Bank Holding Companies, and Savings and Loan Holding Companies, or the Instructions for the Quarterly Supplemental Report for Credit Unions (as applicable, the "Instructions").

Guidance Regarding Sample Size

For Participants reporting fewer than 30 originations in a QSR, agreed-upon procedures should be performed on all transactions. For all other Participants, agreed-upon procedures may be performed on a sample of transactions. Samples should be random and should include a minimum of the higher of five percent of reported originations or 30 originations.

Reports Subject to the Agreed-Upon Procedures Engagement

The agreed-upon procedures must be performed with respect to all QSRs initially filed or amended by the Participant during the Participant's most recently completed fiscal year.

Inspection of the Participant's procedures and data must involve observation of relevant calculated data points. For example, the Instructions, Section VI, Glossary defines a "Low-income Borrower" as having an income of not more than: (1) for borrowers in Metropolitan Areas, 80% of the area median income; and (2) for borrowers in Non-Metropolitan Areas, the greater of 80% of the area median income; or 80% of the statewide Non-Metropolitan area median income. Thus, in order to determine whether a Participant correctly reported a loan to a Low-income Borrower, the auditor must: (1) identify the borrower's location; (ii) determine the relevant Area Median Income for the borrower's location, using the QSR Reference Dataset; and (iii) compare the borrower's income to the relevant threshold of Area Median Income. By performing these recalculations, the Auditor will be able to express in their findings whether the origination was appropriately reported as a loan to a Low-income Borrower and whether the origination was appropriately included as Deep Impact Lending on Schedule A and where the origination was counted on Schedule C1, with respect to income.

Schedule A

1. Recalculate the Origination Data (number of Originations and dollar amount of Originations) reported in Rows 1 through 11 for insured depository institutions (IDIs) and holding companies, and Rows 1 and 2 for credit unions for Columns A through F of Schedule A. In particular, the Auditor should confirm that:

    1.1. Participant correctly reported the total number and total amount of originations by category. Confirm number and total amount of originations reported in Column A and Column B of Schedule A (Rows 1-11 for IDIs and holding companies and Rows 1-2 for credit unions) agree with the Participant's system of record. Confirm that originations during the period covered by the report that were excluded from Columns A and B of Schedule A, Total Originations met criteria for exclusion set forth in the Instructions, Section I.F – Exclusions.

    1.2. Participant correctly reported the total number and total amount of Qualified Lending originations by category. Confirm number and amount of Qualified Lending originations reported in Column C and Column D of Schedule A (Rows 1-11 for IDIs and holding companies and Rows 1-2 for credit unions) agree with the Participant's system of record. For a sample of originations, confirm (1) whether originations that were included on Schedule A, Qualified Lending (i.e., Columns C and D of Schedule A, Rows 1-11 for IDIs and holding companies and Rows 1-2 for credit unions), met the criteria for classification as Qualified Lending and (2) that originations that are reported as Qualified Lending are not also reported as Deep Impact Lending.

    1.3. Participant correctly reported the total number and total amount of Deep Impact Lending by category. Confirm number and amount of Deep Impact Lending originations reported in Column E and Column F of Schedule A (Rows 1-11 for IDIs and holding companies and Rows 1-2 for credit unions) agree with the Participant's system of record. For a sample of originations, confirm (1) whether originations included on Schedule A, Deep Impact Lending (i.e., Columns E and F of Schedule A, Rows 1-11 for IDIs and holding companies and Rows 1-2 for credit unions), met the criteria for classification as Deep Impact Lending and (2) that originations that are reported as Deep Impact Lending are not also reported as Qualified Lending.

Schedule B

2. Recalculate the Origination Data (number of Originations and dollar amount of Originations) reported in Rows 1-11 for IDIs and holding companies and Rows 1-15 for credit unions in Schedule B, for Columns A through AJ of Schedule B. In particular, the Auditor should confirm that:

    2.1. Participant correctly reported the total number and total amount of originations by category. Trace Qualified Lending and Deep Impact Lending originations reported in Columns A through AJ of Schedule B (Rows 1-11 for IDIs and holding companies and Rows 1-15 for credit unions) back to the Participant's system of record.

        2.1.1. Observe whether transactions are reported in each applicable Qualified and Deep Impact Lending row and column by type of lending, in accordance with the Instructions. Confirm that originations are not included in categories or types of lending where inclusion would be precluded by the Instructions. For example, an origination to a borrower that is an LMI Borrower but not a Low-income Borrower would be included in Columns A and B of

Schedule B but not in Columns E and F of Schedule B. By contrast, an origination to a Low-income Borrower would be included in Columns A, B, E, and F of Schedule B.

2.2. The agreed-upon procedures should include procedures to confirm that that originations during the period covered by the report that were properly excluded from Schedule A, Total Originations (i.e., Columns A and B of Schedule A) are not included on Schedule B.

2.3. For data related to Other Targeted Populations (Columns C, D, G and H of Schedule B), confirm that procedures to collect race and ethnicity data are consistent with the Instructions, Section I.G – Demographic Data Collection. Further, based on race and ethnicity data collected with originations, trace reported race and ethnicity originations to the corresponding categories. For example, if a residential mortgage loan borrower self-reported her race as Black, the origination would be reported on Row 3 in Columns C, D, G, and H of Schedule B.

2.4. Confirm that originations by location are geocoded properly by determining if originations have been assigned the correct FIPS Code and that each origination is included in the correct category of "place-based" lending (Columns I – V of Schedule B) using the QSR Reference Dataset.

2.5. For transactions that are reported as those that "create direct benefits for LMI communities or to Other Targeted Populations", observe if each investment reported in Columns AA – AJ of Schedule B matches the definitions in the Instructions, Section VI, Glossary.1 Component activities include Affordable Housing, Qualified PWI, Community Service Facilities, Deeply Affordable Housing, and Deep Impact PWI.

Schedule C1

3. Recalculate the Origination Data (number of Originations and dollar amount of Originations) reported in Rows 1-11 for IDIs and holding companies and Rows 1-15 for credit unions in Schedule C1, for each column. Unlike Schedule A and B, data in this Schedule covers the entire year. In particular, the Auditor should confirm that:

3.1. Participant correctly reported the total number and amount of originations, Qualified Lending originations, and Deep Impact Lending originations by category. Trace Qualified Lending and Deep Impact Lending originations reported in Columns A - AN of Schedule C1 (Rows 1-11 for IDIs and holding companies and Rows 1-15 for credit unions) back to the Participant's system of record.

3.1.1. Using full-year data, observe whether the Participant's procedures match the Instructions with respect to income and calculation of the percentage of Area Median Income for the location of each borrower. Then trace the calculated percentage to

[1] In the case of some projects in these categories – specifically Affordable Housing and Deeply Affordable Housing – the investment may contain elements that partially meet Deep Impact Lending categories. Treasury has advised Participants that have affordable housing projects that have both types of units to pro-rate the investments by the number of units. For example, a $100,000 loan for a ten-unit apartment building, in which two units are Deeply Affordable Housing and eight are Affordable Housing, would report the single origination twice – $20,000 would be included as Deeply Affordable Housing in Column AH and the full $100,000 would be included as Affordable Housing in Column AB (since Deeply Affordable Housing is a subset of Affordable Housing).

observe if the origination was included in the correct Columns A – H of Schedule C1 and Lending Activity Category (rows).

3.1.2. Mathematically check if the total number of originations and total amount of originations reported in the sum of Columns A, C, E, and G of Schedule C1 and B, D, F, and H of Schedule C1 match the total amount of the sum of Schedule B for all quarters in the year, Columns A and B, respectively.

3.1.3. Mathematically check if the total number of originations and total amount of originations reported in the sum of the Columns A and C of Schedule C1 and B and D of Schedule C1 match the total amount of the sum of Columns E and F, respectively, of Schedule B for all quarters in the year.

3.1.4. To inspect Other Targeted Population data points in Columns I – AN of Schedule C1, confirm that procedures to collect race and ethnicity data agree with the Instructions. Within the Instructions, particular attention is called to Section IV. A – Loans to Borrowers in Multiple Demographic Categories and Section I.G – Demographic Data Collection.

Schedule C2

4. Participant correctly reported the total number and total amount of originations by business gross revenue, and borrower income, race, and ethnicity for Underserved Small Businesses. In particular, the Auditor should:

4.1. Observe whether computation of "gross annual revenue" is consistent with the Instructions. See the definition of "Underserved Small Business" in the Instructions, Section VI, Glossary. Only Underserved Small Businesses should be reported on Schedule C2.

4.2. For Majority owned by Low-income Borrowers, Columns C and D of Schedule C2, using full-year data, observe whether the Participant's procedures match the Instructions with respect to income and calculation of the percentage of Area Median Income for the location of each borrower. Then observe whether the Participant correctly reported loans to Underserved Small Businesses owned by Low-income Borrowers, *i.e.*, columns C and D only include loans to Underserved Small Businesses owned by Low-income Borrowers and only exclude loans that are not to such businesses.

4.3. Confirm that in Columns E – V of Schedule C2, Participants reported Underserved Small Businesses by owner race and ethnicity. Observe if the Participant collected race and ethnicity data in accordance with the Instructions. Within the Instructions, particular attention is called to Section IV.A – Loans to Underserved Small Businesses.

Schedule D1 – D8

5. Participant correctly listed originations on each place-based lending schedule. Trace the data in Schedules D1-D8 to the Participant's system of record and observe whether reported data in the Schedules matches the Instructions, Section V.

5.1. Mathematically check that the total number of originations and total amount of originations reported in Schedule D1 is not greater than the total amount of the sum of Columns I and J, respectively, of Schedule B for all quarters in the year.

5.2. Mathematically check if the total number of originations and total amount of originations reported in Schedule D2 matches the total amount of the sum of Columns K and L, respectively, of Schedule B for all quarters in the year.

5.3. Mathematically check if the total number of originations and total amount of originations reported in Schedule D3 matches the total amount of the sum of Columns M and N, respectively, of Schedule B for all quarters in the year.

5.4. Mathematically check if the total number of originations and total amount of originations reported in Schedule D4 matches the total amount of the sum of Columns O and P, respectively, of Schedule B for all quarters in the year.

5.5. Mathematically check that the total number of originations and total amount of originations reported in Schedule D5 is not greater than the total amount of the sum of Columns Q and R, respectively, of Schedule B for all quarters in the year.

5.6. Mathematically check if the total number of originations and total amount of originations reported in Schedule D6 matches the total amount of the sum of Columns S and T, respectively, of Schedule B for all quarters in the year.

5.7. Mathematically check if the total number of originations and total amount of originations reported in Schedule D7 matches the total amount of the sum of Columns U and V, respectively, of Schedule B for all quarters in the year.

5.8. Mathematically check if the total number of originations and total amount of originations reported in Schedule D8 matches the total amount of the sum of Columns AA, AC, AE, AG & AI and Columns AB, AD, AF, AH & AJ, respectively, of Schedule B for all quarters in the year.