

SECTION .0900 – OPERATIONS

04 NCAC 03C .0901 BOOKS AND RECORDS

(a) Each bank, each affiliate of the bank, and the bank's parent holding company, shall keep, and make available for examination by the representatives of the Commissioner of Banks, books and records that reflect all the transactions of the bank in its true financial condition. Such records shall be kept so as to permit and facilitate a speedy examination, by the representatives of the Commissioner of Banks. Without implying that these are the only books and records to be kept, the following books and records shall be kept at the bank, or at its parent holding company, unless another storage site is approved by the Commissioner of Banks in writing by letter or other written agreement:

- (1) Alphabetical direct and indirect liability ledgers. Each bank shall keep an alphabetical direct and indirect liability ledger. The alphabetical direct liability ledger shall show a customer's direct obligations owed to the bank by loan name or account number and the balance outstanding under each account. The alphabetical indirect liability ledger shall show a customer's indirect obligations owed to the bank by loan name or account number and the balance outstanding under each account. The alphabetical direct liability ledger shall be kept in balance with the general ledger control. The alphabetical indirect liability ledger shall be updated at least monthly. Where the aggregate total of a customer's direct and indirect obligations to the bank do not exceed twenty thousand dollars (\$20,000), the indirect obligations of that customer may be omitted from the alphabetical indirect liability ledger. In a bank whose automated record system is not able to produce an alphabetical liability ledger, the bank shall produce an alphabetical listing of borrowers showing all of a customer's loan or account numbers and the amount outstanding under each number when called upon by representatives of the Commissioner of Banks. Each bank shall have the ability to produce both the direct and indirect liability ledgers in hard copy form upon request by representatives of the Commissioner of Banks.
- (2) Monthly reconciliation of accounts with correspondent banks. A record shall be kept, showing the monthly reconciliation of each account with correspondent banks. A signed review of such reconciliations shall be made by an officer or employee of the bank other than the person responsible for preparing the reconciliation.
- (3) Purchases and sales of securities. A record shall be kept of purchases and sales of securities. The record shall include the following:
 - (A) dates of purchases and sales;
 - (B) interest rates;
 - (C) maturities;
 - (D) par value;
 - (E) cost value;
 - (F) all write-ups or write-downs;
 - (G) a full description of the security;
 - (H) from whom purchased;
 - (I) to whom sold;
 - (J) purchase price;
 - (K) selling price; and
 - (L) when, where, and why pledged or deposited.

This record shall be maintained in balance with the general ledger control.

- (4) Charge-offs. A record shall be kept of all items charged off and of all recoveries. All charge-offs shall be authorized or approved by the executive committee or by the board of directors and such action recorded in their minutes. The charge-off record shall show the date of the charge-off, a description of the asset, and the amount of the charge-off. The record shall be supported by the actual charged-off items, or the final disposition of any charged-off item. The record of recoveries shall show the date and amount of each recovery.
- (5) Records of real estate. A record shall be kept on all parcels owned, including the banking house. The record shall show when the property was acquired, how the property was acquired, the cost of the property, the book value of the property, and detailed income and expense reports relating to the property. This record shall be supported by appraisals, title certificates showing assessed value, tax receipts, and hazard insurance policies relating to the property.

- (6) Meeting minutes and consent to action. Minutes of all board of directors meetings, board committee meetings, and stockholders meetings (including each consent to action without a meeting), shall be kept showing any action resulting from the meeting. All minutes shall be signed by the chairman and the secretary of such meeting.
 - (7) Cash items held over. A daily record shall be kept of all cash items held over from the day's business, including all checks that would cause an overdraft if handled in the regular way. This record shall be kept in balance with the general ledger control and shall identify the account on which the item is drawn or is obligated for payment, the reason the item is being held, the date the item was placed in the cash items account, and the amount of the item.
 - (8) Record of income and expenses. A detailed record of income and expenses shall be kept and balanced monthly. A report of this record shall be made to the executive committee or board of directors, and the receipt of same noted in their minutes.
 - (9) Industrial bank reports of condition. Each industrial bank, when preparing a report of condition and income, shall include and make a part of its report a list of those whose aggregate direct and indirect obligations to the bank, including paper purchased by the bank, are in excess of ten percent of the industrial bank's capital, surplus, and undivided profits. In lieu of this list, the industrial bank may maintain a direct and indirect liability ledger in accordance with Subparagraph (a)(1) of this Rule.
- (b) Unless another storage site is approved by the Commissioner of Banks in writing by letter or other written agreement, a bank's books and records and the books and records of the bank's parent holding company shall be kept at the bank or at the bank's parent holding company; and the books and records of an affiliate of the bank shall be kept at the affiliate, the bank, or the bank's parent holding company.
- (c) Based upon the condition of a bank as determined by examination or otherwise, the Commissioner of Banks may require a bank to prepare or maintain different or additional books, records, and reports.

*History Note: Authority G.S. 53C-8-6;
Eff. February 1, 1976;
Amended Eff. October 1, 2014; June 1, 1995; May 1, 1992; October 1, 1990; September 1, 1983;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 3, 2017.*