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**Instructions for the New and Revised Call Report Items
for March 31, 2008**

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Instructions for the New and Revised Call Report Items for March 31, 2008

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Instructions for the New and Revised Call Report Items for March 31, 2008

Schedule RI – Income Statement

<u>FFIEC 041 Item No.</u>	<u>FFIEC 031 Item No.</u>	<u>Caption and Instructions</u>
1.a.(1)	1.a.(1)(a)	<u>Interest and fee income on loans secured by real estate:</u>
1.a.(1)(a)	1.a.(1)(a)(1)	<u>Interest and fee income on loans secured by 1-4 family residential properties.</u> Report all interest, fees, and similar charges levied against or associated with all loans secured by 1-4 family residential properties (in domestic offices) reportable in Schedule RC-C, part I, item 1.c, column B.
1.a.(1)(b)	1.a.(1)(a)(2)	<u>Interest and fee income on all other loans secured by real estate.</u> Report all interest, fees, and similar charges levied against or associated with all loans secured by real estate (in domestic offices) reportable in Schedule RC-C, part I, items 1.a, 1.b, 1.d, and 1.e, column B, excluding those secured by 1-4 family residential properties.

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<u>Item No.</u>	<u>Caption and Instructions</u>
13	<u>Net gains (losses) recognized in earnings on assets and liabilities that are reported at fair value under a fair value option.</u> Report in the appropriate subitem the total amount of pretax gains (losses) from fair value changes included in earnings during the calendar year to date for all assets and liabilities accounted for at fair value under a fair value option. If the amount to be reported is a net loss, enclose it in parentheses. Disclosure of such gains (losses) is also required by FASB Statement No. 159, paragraph 19 and C7(b), and FASB Statement No. 156, paragraph 4(f)(1)(d).
13.a	<u>Net gains (losses) on assets.</u> Report the total amount of pretax gains (losses) from fair value changes included in earnings during the calendar year to date for all assets, including hybrid financial instruments and servicing assets, accounted for under a fair value option. This amount will reflect the reported interest included in total interest income in Schedule RI, item 1.h, and revaluation adjustments included in noninterest income in Schedule RI, items 5.c, 5.f, and 5.l. Exclude gains and losses for other items measured at fair value, such as items required to be measured at fair value.
13.a.(1)	<u>Estimated net gains (losses) on loans attributable to changes in instrument-specific credit risk.</u> For loans reported at fair value under a fair value option, report the estimated portion of the change in fair value included in earnings attributable to changes in instrument-specific credit risk. Include all such loans reported in Schedule RC, items 4.a, 4.b, and 5.
13.b	<u>Net gains (losses) on liabilities.</u> Report the total amounts of pretax gains (losses) from fair value changes included in earnings during the calendar year to date for all liabilities, including hybrid financial instruments and servicing liabilities, accounted for under a fair value option. This amount will reflect the reported interest included in total interest expense in Schedule RI,

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item 2.e, and revaluation adjustments included in noninterest income in Schedule RI,

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Schedule RI – Income Statement (cont.)

Item No. **Caption and Instructions**

13.b items 5.c, 5.f, and 5.l. Exclude gains and losses for other items measured at fair value, such
(cont.) as items required to be measured at fair value.

13.b.(1) **Estimated net gains (losses) on liabilities attributable to changes in instrument-specific credit risk.** For liabilities reported at fair value under a fair value option, report the estimated portion of the change in fair value included in earnings attributable to changes in instrument-specific credit risk.

Schedule RI-E – Explanations

Item No. **Caption and Instructions**

1 **Other noninterest income.** Disclose in items 1.a through 1.j each component of Schedule RI, item 5.l, “Other noninterest income,” and the dollar amount of such component, that is greater than \$25,000 and exceeds 3 percent of the “Other noninterest income.”

Preprinted captions have been provided for the following categories of “Other noninterest income”:

- Item 1.a, “Income and fees from the printing and sale of checks,”
- Item 1.b, “Earnings on/increase in value of cash surrender value of life insurance,”
- Item 1.c, “Income and fees from automated teller machines (ATMs),”
- Item 1.d, “Rent and other income from other real estate owned,”
- Item 1.e, “Safe deposit box rent,”
- Item 1.f, “Net change in the fair values of financial instruments accounted for under a fair value option,” and
- Item 1.g, “Bank card and credit card interchange fees.”

For other components of “Other noninterest income” that exceed the disclosure threshold, list and briefly describe these components in items 1.h through 1.j and, if necessary, in Schedule RI-E, item 7, below.

2 **Other noninterest expense.** Disclose in items 2.a through 2.n each component of Schedule RI, item 7.d, “Other noninterest expense,” and the dollar amount of such component, that is greater than \$25,000 and exceeds 3 percent of the “Other noninterest expense.”

Preprinted captions have been provided for the following categories of “Other noninterest expense”:

- Item 2.a, “Data processing expenses,”
- Item 2.b, “Advertising and marketing expenses,”
- Item 2.c, “Directors’ fees,”
- Item 2.d, “Printing, stationery, and supplies,”
- Item 2.e, “Postage,”
- Item 2.f, “Legal fees and expenses,”
- Item 2.g, “FDIC deposit insurance assessments,”
- Item 2.h, “Accounting and auditing expenses,”

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- Item 2.i, “Consulting and advisory expenses,”

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Schedule RI-E – Explanations (cont.)

Item No. Caption and Instructions

- 2
(cont.)
- Item 2.j, “Automated teller machine (ATM) and interchange expenses,” and
 - Item 2.k, “Telecommunications expenses.”

Include in “Telecommunications expenses” any expenses associated with telephone, cable, and internet services (including web page maintenance).

For other components of “Other noninterest expense” that exceed the disclosure threshold, list and briefly describe these components in items 2.l through 2.n and, if necessary, in Schedule RI-E, item 7, below.

For components of “Other noninterest expense” that reflect a single charge for separate “bundled services” provided by third party vendors, disclose such amounts in the item that most closely describes the predominant type of expense incurred, and this categorization should be used consistently over time.

Schedule RC-C, Part I – Loans and Leases

Memoranda

Item No. Caption and Instructions

- 1 **Loans and leases restructured and in compliance with modified terms.** Report in the appropriate subitem loans and leases that have been restructured and are in compliance with their modified terms. However, exclude from this item all restructured loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 6).

For purposes of this item, restructured loans and leases are those loans and leases whose terms have been modified, because of a deterioration in the financial condition of the borrower, to provide for a reduction of either interest or principal, regardless of whether such loans and leases are secured or unsecured, regardless of whether such credits are guaranteed by the government or by others, and (except as noted in the following paragraph) regardless of the effective interest rate on such credits.

Once an obligation has been restructured because of such credit problems, it continues to be considered restructured until paid in full. However, a restructured obligation that is in compliance with its modified terms and yields a market rate (i.e., the recorded amount of the obligation bears an effective interest rate that at the time of the restructuring is greater than or equal to the rate that the bank is willing to accept for a new extension of credit with comparable risk) need not continue to be reported as a troubled debt restructuring in this Memorandum item in calendar years after the year in which the restructuring took place. A loan extended or renewed at a stated interest rate equal to the current interest rate for new debt with similar risk is not considered a restructured loan. Also, a loan to a purchaser of “other real estate owned” by the reporting bank for the purpose of facilitating the disposal of such real estate is not considered a restructured loan. For further information, see the Glossary entry for “troubled debt restructurings.”

Include in the appropriate subitem all restructured loans and leases as defined above that are

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in compliance with their modified terms, that is, restructured loans and leases (1) on which no

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Schedule RC-C, Part I – Loans and Leases (cont.)

Memoranda

Item No. Caption and Instructions

1 contractual payments of principal or interest scheduled under the modified repayment terms
(cont.) are due and unpaid or (2) on which contractual payments of both principal and interest
 scheduled under the modified repayment terms are less than 30 days past due.

Exclude from this item (1) those restructured loans and leases on which under their modified repayment terms either principal or interest is 30 days or more past due (report in Schedule RC-N, column A or B, as appropriate) and (2) those restructured loans and leases that are in nonaccrual status under their modified repayment terms (report in Schedule RC-N, column C).

Loan amounts should be reported net of unearned income to the extent that they are reported net of unearned income in Schedule RC-C, part I. All lease amounts must be reported net of unearned income.

1.a **Loans secured by 1-4 family residential properties (in domestic offices).** Report all restructured loans secured by 1-4 family residential properties (in domestic offices) (as defined for Schedule RC-C, part I, item 1.c, column B) that are in compliance with their modified terms. Exclude from this item restructured loans secured by 1-4 family residential properties that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status (report in Schedule RC-N).

1.b **Other loans and all leases.** Report all other restructured loans and leases that are in compliance with their modified terms. Exclude from this item all restructured loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 6). Also, exclude from this item those restructured loans that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status (report in Schedule RC-N).

9 **Loans secured by 1-4 family residential properties (in domestic offices) in process of foreclosure.** Report the total unpaid principal balance of loans secured by 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c, column B, for which formal foreclosure proceedings to seize the real estate collateral have started and are ongoing as of quarter-end, regardless of the date the foreclosure procedure was initiated. Loans should be classified as in process of foreclosure according to local requirements. If a loan is already in process of foreclosure and the mortgagor files a bankruptcy petition, the loan should continue to be reported as in process of foreclosure until the bankruptcy is resolved. Exclude loans where the foreclosure process has been completed and the bank reports the real estate collateral as “Other real estate owned” in Schedule RC, item 7. This item should include both closed-end and open-end 1-4 family residential mortgage loans that are in process of foreclosure.

10 **Loans measured at fair value.** Report in the appropriate subitem the total fair value of all loans held for sale and held for investment measured at fair value under a fair value option and included in Schedule RC-C.

10.a **Loans secured by real estate.** On the FFIEC 041, report in the appropriate subitem the

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total fair value of loans secured by real estate included in Schedule RC-C, part I, item 1,
measured

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Schedule RC-C, Part I – Loans and Leases (cont.)

Memoranda

Item No. Caption and Instructions

- 10.a** (cont.) at fair value under a fair value option. On the FFIEC 031, report the total fair value of loans secured by real estate included in Schedule RC-C, part I, item 1, measured at fair value under a fair value option for the fully consolidated bank in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.
- 10.a.(1)** **Construction, land development, and other land loans.** Report the total fair value of construction, land development, and other land loans (in domestic offices) included in Schedule RC-C, part I, items 1.a.(1) and (2), column B, measured at fair value under a fair value option.
- 10.a.(2)** **Secured by farmland.** Report the total fair value of loans secured by farmland (in domestic offices) included in Schedule RC-C, part I, item 1.b, column B, measured at fair value under a fair value option.
- 10.a.(3)** **Secured by 1-4 family residential properties.** Report in the appropriate subitem the total fair value of all open-end and closed-end loans secured by 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c, column B, measured at fair value under a fair value option.
- 10.a.(3)(a)** **Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report the total fair value of revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit (in domestic offices) included in Schedule RC-C, part I, item 1.c.(1), column B, measured at fair value under a fair value option.
- 10.a.(3)(b)** **Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem the total fair value of all closed-end loans secured by 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2), column B, measured at fair value under a fair value option.
- 10.a.(3)(b)(1)** **Secured by first liens.** Report the total fair value of closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2)(a), column B, measured at fair value under a fair value option.
- 10.a.(3)(b)(2)** **Secured by junior liens.** Report the total fair value of closed-end loans secured by junior liens on 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2)(b), column B, measured at fair value under a fair value option.
- 10.a.(4)** **Secured by multifamily (5 or more) residential properties.** Report the total fair value of loans secured by multifamily (5 or more) residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.d, column B, measured at fair value under a fair value option.
- 10.a.(5)** **Secured by nonfarm nonresidential properties.** Report the total fair value of loans secured by nonfarm nonresidential properties (in domestic offices) included in Schedule RC-C, part I, items 1.e.(1) and (2), column B, measured at fair value under a fair

value option.

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Schedule RC-C, Part I – Loans and Leases (cont.)

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Item No. Caption and Instructions

- 10.b** **Commercial and industrial loans.** Report the total fair value of commercial and industrial loans included in Schedule RC-C, part I, item 4, measured at fair value under a fair value option.
- 10.c** **Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem the total fair value of all loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 6) measured at fair value under a fair value option.
- 10.c.(1)** **Credit cards.** Report the total fair value of all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards included in Schedule RC-C, part I, item 6.a, measured at fair value under a fair value option.
- 10.c.(2)** **Other revolving credit plans.** Report the total fair value of all extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards included in Schedule RC-C, part I, item 6.b, measured at fair value under a fair value option.
- 10.c.(3)** **Other consumer loans.** Report the total fair value of all other loans to individuals for household, family, and other personal expenditures included in Schedule RC-C, item 6.c, measured at fair value under a fair value option.
- 10.d** **Other loans.** Report the total fair value of all other loans measured at fair value under a fair value option that cannot properly be reported in one of the preceding subitems of this Memorandum item 10. Such loans include “Loans to depository institutions and acceptances of other banks,” “Loans to finance agricultural production and other loans to farmers,” “Loans to foreign governments and official institutions,” “Obligations (other than securities and leases) of states and political subdivisions in the U.S.,” and “Other loans” (as defined for Schedule RC-C, part I, items 2, 3, 7, 8, and 9).
- 11** **Unpaid principal balance of loans measured at fair value (reported in Memorandum item 10).** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans measured at fair value reported in Schedule RC-C, part I, Memorandum item 10.
- 11.a** **Loans secured by real estate.** On the FFIEC 041, report in the appropriate subitem the total unpaid principal balance outstanding for all loans secured by real estate reported in Schedule RC-C, part I, Memorandum items 10.a.(1) through 10.a.(5). On the FFIEC 031, report the total unpaid principal balance outstanding for all loans secured by real estate reported in Schedule RC-C, part I, Memorandum item 10.a, for the fully consolidated bank in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.
- 11.a.(1)** **Construction, land development, and other land loans.** Report the total unpaid principal balance outstanding for all construction, land development, and other loans reported in Schedule RC-C, part I, Memorandum item 10.a.(1).
- 11.a.(2)** **Secured by farmland.** Report the total unpaid principal balance outstanding for all loans

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secured by farmland reported in Schedule RC-C, part I, Memorandum item 10.a.(2).

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Schedule RC-C, Part I – Loans and Leases (cont.)

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Item No. Caption and Instructions

- 11.a.(3)** **Secured by 1-4 family residential properties.** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans secured by 1-4 family residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(3).
- 11.a.(3)(a)** **Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report the total unpaid principal balance outstanding for all revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit reported in Schedule RC-C, part I, Memorandum item 10.a.(3)(a).
- 11.a.(3)(b)** **Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem the total unpaid principal balance outstanding for all closed-end loans secured by 1-4 family residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(3)(b).
- 11.a.(3)(b)(1)** **Secured by first liens.** Report the total unpaid principal balance outstanding for all closed-end loans secured by first liens on 1-4 family residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(3)(b)(1).
- 11.a.(3)(b)(2)** **Secured by junior liens.** Report the total unpaid principal balance outstanding for all closed-end loans secured by junior liens on 1-4 family residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(3)(b)(2).
- 11.a.(4)** **Secured by multifamily (5 or more) residential properties.** Report the total unpaid principal balance outstanding for all loans secured by multifamily (5 or more) residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(4).
- 11.a.(5)** **Secured by nonfarm nonresidential properties.** Report the total unpaid principal balance outstanding for all loans secured by nonfarm nonresidential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(5).
- 11.b** **Commercial and industrial loans.** Report the total unpaid principal balance outstanding for all commercial and industrial loans reported in Schedule RC-C, part I, Memorandum item 10.b.
- 11.c** **Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans to individuals for household, family, and other personal expenditures reported in Schedule RC-C, part I, Memorandum item 10.c.
- 11.c.(1)** **Credit cards.** Report the total unpaid principal balance outstanding for all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards reported in Schedule RC-C, part I, Memorandum item 10.c.(1).
- 11.c.(2)** **Other revolving credit plans.** Report the total unpaid principal balance outstanding for all extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards reported in Schedule RC-C, part I, Memorandum item 10.c.(2).

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Schedule RC-C, Part I – Loans and Leases (cont.)

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Item No. Caption and Instructions

- 11.c.(3)** **Other consumer loans.** Report the total unpaid principal balance outstanding for all other loans to individuals for household, family, and other personal expenditures reported in Schedule RC-C, part I, Memorandum item 10.c.(3).
- 11.d** **Other loans.** Report the total unpaid principal balance outstanding for all loans reported in Schedule RC-C, part I, Memorandum item 10.d. Such loans include “Loans to depository institutions and acceptances of other banks,” “Loans to finance agricultural production and other loans to farmers,” “Loans to foreign governments and official institutions,” “Obligations (other than securities and leases) of states and political subdivisions in the U.S.,” and “Other loans” (as defined for Schedule RC-C, part I, items 2, 3, 7, 8, and 9).

Schedule RC-D – Trading Assets and Liabilities

General Instructions

Schedule RC-D is to be completed by banks that reported a quarterly average for trading assets of \$2 million or more in Schedule RC-K, item 7, for any of the four preceding quarterly reports. However, because banks with domestic offices only and with less than \$100 million in total assets do not report a quarterly average for trading assets in Schedule RC-K, item 7, on the FFIEC 041, Schedule RC-D is not applicable to such banks. Memorandum items 4 through 10 are to be completed by banks that reported a quarterly average for trading assets of \$1 billion or more in Schedule RC-K, item 7, for any of the four preceding quarterly reports.

Trading activities typically include (a) regularly underwriting or dealing in securities; interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts; other financial instruments; and other assets for resale, (b) acquiring or taking positions in such items principally for the purpose of selling in the near term or otherwise with the intent to resell in order to profit from short-term price movements, and (c) acquiring or taking positions in such items as an accommodation to customers or for other trading purposes.

Pursuant to FASB Statement No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities,” all securities within the scope of FASB Statement No. 115, “Accounting for Certain Investments in Debt and Equity Securities,” that a bank has elected to report at fair value under a fair value option with changes in fair value reported in current earnings should be classified as trading securities. In addition, for purposes of these reports, banks may classify assets (other than securities within the scope of FASB Statement No. 115) and liabilities as trading if the bank applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets and liabilities as trading positions, subject to the controls and applicable regulatory guidance related to trading activities. For example, a bank would generally not classify a loan to which it has applied the fair value option as a trading asset unless the bank holds the loan, which it manages as a trading position, for one of the following purposes: (a) for market making activities, including such activities as accumulating loans for sale or securitization; (b) to benefit from actual or expected price movements; or (c) to lock in arbitrage profits. When reporting loans classified as trading in Schedule RC-D, banks should include only the fair value of the funded portion of the loan in item 6 of this schedule. If the unfunded portion of the loan, if any, is classified as trading (and does not meet the definition of a derivative), the fair value of the commitment to lend should be reported as an “Other trading asset” or an “Other trading liability,” as

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appropriate, in Schedule RC-D, item 9 or item 13.b, respectively.

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Schedule RC-D – Trading Assets and Liabilities (cont.)

General Instructions (cont.)

Assets, liabilities, and other financial instruments classified as trading shall be consistently valued at fair value.

Exclude from this schedule all available-for-sale securities and all loans and leases that do not satisfy the criteria for classification as trading as described above. (Also see the Glossary entry for "Trading Account.") Available-for-sale securities are generally reported in Schedule RC, item 2.b, and in Schedule RC-B, columns C and D. However, a bank may have certain assets that fall within the definition of "securities" in FASB Statement No. 115 (e.g., nonrated industrial development obligations) that the bank has designated as "available-for-sale" which are reported for purposes of the Report of Condition in a balance sheet category other than "Securities" (e.g., "Loans and lease financing receivables"). Loans and leases that do not satisfy the criteria for the trading account should be reported in Schedule RC, item 4.a or item 4.b, and in Schedule RC-C.

On the FFIEC 031, this schedule has two columns: column A provides trading asset and liability detail for the fully consolidated bank and column B provides detail on trading assets and liabilities held by the domestic offices of the reporting bank. (See the Glossary entry for "domestic office" for the definition of this term.)

Item Instructions

Item No. Caption and Instructions

ASSETS

- 1 **U.S. Treasury securities.** Report the total fair value of securities issued by the U.S. Treasury (as defined for Schedule RC-B, item 1, "U.S. Treasury securities") held for trading.
- 2 **U.S. Government agency obligations.** Report the total fair value of all obligations of U.S. Government agencies (as defined for Schedule RC-B, item 2, "U.S. Government agency obligations") held for trading. Exclude mortgage-backed securities.
- 3 **Securities issued by states and political subdivisions in the U.S.** Report the total fair value of all securities issued by states and political subdivisions in the United States (as defined for Schedule RC-B, item 3, "Securities issued by states and political subdivisions in the U.S.") held for trading.
- 4 **Mortgage-backed securities.** Report in the appropriate subitem the total fair value of all mortgage-backed securities held for trading.
- 4.a **Pass-through securities issued or guaranteed by FNMA, FHLMC, or GNMA.** Report the total fair value of all pass-through securities issued or guaranteed by FNMA, FHLMC, or GNMA (as defined for Schedule RC-B, item 4.a.(1), "Pass-through securities "Guaranteed by GNMA," and item 4.a.(2), "Pass-through securities "Issued by FNMA and FHLMC") held for trading.
- 4.b **Other mortgage-backed securities issued or guaranteed by FNMA, FHLMC, or GNMA.** Report the total fair value of all other mortgage-backed securities issued by FNMA, FHLMC,

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or GNMA (as defined for Schedule RC-B, item 4.b.(1), Other mortgage-backed securities "Issued or guaranteed by FNMA, FHLMC, or GNMA") held for trading.

Schedule RC-D – Trading Assets and Liabilities (cont.)

- | <u>Item No.</u> | <u>Caption and Instructions</u> |
|-----------------|--|
| 4.c | <u>All other mortgage-backed securities.</u> Report the total fair value of all other mortgage-backed securities (as defined for Schedule RC-B, item 4.a.(3), "Other pass-through securities," item 4.b.(2), Other mortgage-backed securities "Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA," and item 4.b.(3), "All other mortgage-backed securities") held for trading. |
| 5 | <u>Other debt securities.</u> Report the total fair value of all other debt securities (as defined for Schedule RC-B, item 5, "Asset-backed securities," and item 6, "Other debt securities") held for trading. |
| 6 | <u>Loans.</u> Report in the appropriate subitem the total fair value of all loans held for trading. See the Glossary entry for "loan" for further information. |
| 6.a | <u>Loans secured by real estate.</u> On the FFIEC 041, report in the appropriate subitem the total fair value of loans secured by real estate (as defined for Schedule RC-C, part I, item 1) held for trading. On the FFIEC 031, report the total fair value of loans secured by real estate (as defined for Schedule RC-C, part I, item 1) held for trading for the fully consolidated bank in column A, but with a breakdown of these loans into seven categories for domestic offices in column B. |
| 6.a.(1) | <u>Construction, land development, and other land loans.</u> Report the total fair value of construction, land development, and other land loans (as defined for Schedule RC-C, item 1.a) held for trading. |
| 6.a.(2) | <u>Secured by farmland.</u> Report the total fair value of loans secured by farmland (as defined for Schedule RC-C, item 1.b) held for trading. |
| 6.a.(3) | <u>Secured by 1-4 family residential properties.</u> Report in the appropriate subitem the total fair value of all open-end and closed-end loans secured by real estate (as defined for Schedule RC-C, item 1.c) held for trading. |
| 6.a.(3)(a) | <u>Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.</u> Report the total fair value of revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit (as defined for Schedule RC-C, item 1.c.(1)) held for trading. |
| 6.a.(3)(b) | <u>Closed-end loans secured by 1-4 family residential properties.</u> Report in the appropriate subitem the total fair value of all closed-end loans secured by real estate (as defined for Schedule RC-C, item 1.c.(2)) held for trading. |
| 6.a.(3)(b)(1) | <u>Secured by first liens.</u> Report the total fair value of closed-end loans secured by first liens on 1-4 family residential properties (as defined for Schedule RC-C, item 1.c.(2)(a)) held for trading. |
| 6.a.(3)(b)(2) | <u>Secured by junior liens.</u> Report the total fair value of closed-end loans secured by junior liens on 1-4 family residential properties (as defined for Schedule RC-C, item 1.c.(2)(b)) held for trading. |

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Schedule RC-D – Trading Assets and Liabilities (cont.)

Item No.	Caption and Instructions
6.a.(4)	<u>Secured by multifamily (5 or more) residential properties.</u> Report the total fair value of loans secured by multifamily (5 or more) residential properties (as defined for Schedule RC-C, item 1.d) held for trading.
6.a.(5)	<u>Secured by nonfarm nonresidential properties.</u> Report the total fair value of loans secured by nonfarm nonresidential properties (as defined for Schedule RC-C, item 1.e) held for trading.
6.b	<u>Commercial and industrial loans.</u> Report the total fair value of commercial and industrial loans (as defined for Schedule RC-C, item 4) held for trading.
6.c	<u>Loans to individuals for household, family, and other personal expenditures.</u> Report in the appropriate subitem the total fair value of all loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, item 6) held for trading.
6.c.(1)	<u>Credit cards.</u> Report the total fair value of all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards (as defined for Schedule RC-C, item 6.a) held for trading.
6.c.(2)	<u>Other revolving credit plans.</u> Report the total fair value of all extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards (as defined for Schedule RC-C, item 6.b) held for trading.
6.c.(3)	<u>Other consumer loans.</u> Report the total fair value of all other loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, item 6.c) held for trading.
6.d	<u>Other loans.</u> Report the total fair value of all other loans held for trading that cannot properly be reported in one of the preceding subitems of this item 6. Such loans include "Loans to depository institutions and acceptances of other banks," "Loans to finance agricultural production and other loans to farmers," "Loans to foreign governments and official institutions," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Other loans" (as defined for Schedule RC-C, part I, items 2, 3, 7, 8, and 9).
7-8	Not applicable.
9	<u>Other trading assets.</u> Report the total fair value of all trading assets that cannot properly be reported in items 1 through 6. Exclude revaluation gains on interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts (report in item 11 below).
10	Not applicable.
11	<u>Derivatives with a positive fair value.</u> Report (on the FFIEC 031, in the appropriate subitem) the amount of revaluation gains (i.e., assets) from the "marking to market" of interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts held for trading purposes. Revaluation gains and losses (i.e., assets and liabilities) from the "marking to market" of the reporting bank's derivative contracts executed with the same

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counterparty that meet the criteria for a valid right of setoff contained in FASB Interpretation No. 39 (e.g., those contracts subject to a qualifying master netting arrangement) may be reported on a net basis

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Schedule RC-D – Trading Assets and Liabilities (cont.)

Item No. **Caption and Instructions**

- 11 (cont.) using this item and item 14 below, as appropriate. (For further information, see the Glossary entry for "offsetting.")
- 12 **Total trading assets.** Report the sum of items 1 through 11. On the FFIEC 041, this item must equal Schedule RC, item 5, "Trading assets." On the FFIEC 031, the amount in column A for this item must equal Schedule RC, item 5, "Trading assets."

LIABILITIES

- 13.a **Liability for short positions.** Report the total fair value of the reporting bank's liabilities resulting from sales of assets that the reporting bank does not own (see the Glossary entry for "short position").
- 13.b **Other trading liabilities.** Report the total fair value of all trading liabilities other than the reporting bank's liability for short positions. Exclude revaluation losses on interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts (report in item 14 below).
- 14 **Derivatives with a negative fair value.** Report the amount of revaluation losses (i.e., liabilities) from the "marking to market" of interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts held for trading purposes. Revaluation gains and losses (i.e., assets and liabilities) from the "marking to market" of the reporting bank's interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts executed with the same counterparty that meet the criteria for a valid right of setoff contained in FASB Interpretation No. 39 (e.g., those contracts subject to a qualifying master netting arrangement) may be reported on a net basis using this item and item 11 above, as appropriate. (For further information, see the Glossary entry for "offsetting.")
- 15 **Total trading liabilities.** Report the sum of items 13.a, 13.b, and 14. On the FFIEC 041, this item must equal Schedule RC, item 15, "Trading liabilities." On the FFIEC 031, the amount in column A for this item must equal Schedule RC, item 15, "Trading liabilities."

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Item No. **Caption and Instructions**

- 1 **Unpaid principal balance of loans measured at fair value.** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans held for trading reported in Schedule RC-D, item 6.
- 1.a **Loans secured by real estate.** On the FFIEC 041, report in the appropriate subitem the total unpaid principal balance outstanding for all loans secured by real estate held for trading reported in Schedule RC-D, item 6. On the FFIEC 031, report the total unpaid principal balance outstanding for all loans secured by real estate held for trading reported in Schedule RC-D, item 6.a, for the fully consolidated bank in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.

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Schedule RC-D – Trading Assets and Liabilities (cont.)

Memoranda

Item No. Caption and Instructions

- 1.a.(1)** **Construction, land development, and other land loans.** Report the total unpaid principal balance outstanding for all construction, land development, and other land loans held for trading reported in Schedule RC-D, item 6.a.(1).
- 1.a.(2)** **Secured by farmland.** Report the total unpaid principal balance outstanding for all loans secured by farmland held for trading reported in Schedule RC-D, item 6.a.(2).
- 1.a.(3)** **Secured by 1-4 family residential properties.** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans secured by 1-4 family residential properties held for trading reported in Schedule RC-D, item 6.a.(3).
- 1.a.(3)(a)** **Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report the total unpaid principal balance outstanding for all revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit held for trading reported in Schedule RC-D, item 6.a.(3)(a).
- 1.a.(3)(b)** **Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem the total unpaid principal balance outstanding for all closed-end loans secured by 1-4 family residential properties held for trading reported in Schedule RC-D, item 6.a.(3)(b).
- 1.a.(3)(b)(1)** **Secured by first liens.** Report the total unpaid principal balance outstanding for all closed-end loans secured by first liens on 1-4 family residential properties held for trading reported in Schedule RC-D, item 6.a.(3)(b)(1).
- 1.a.(3)(b)(2)** **Secured by junior liens.** Report the total unpaid principal balance outstanding for all closed-end loans secured by junior liens on 1-4 family residential properties held for trading reported in Schedule RC-D, item 6.a.(3)(b)(2).
- 1.a.(4)** **Secured by multifamily (5 or more) residential properties.** Report the total unpaid principal balance outstanding for all loans secured by multifamily (5 or more) residential properties held for trading reported in Schedule RC-D, item 6.a.(4).
- 1.a.(5)** **Secured by nonfarm nonresidential properties.** Report the total unpaid principal balance outstanding for all loans secured by nonfarm nonresidential properties held for trading reported in Schedule RC-D, item 6.a.(5).
- 1.b** **Commercial and industrial loans.** Report the total unpaid principal balance outstanding for all commercial and industrial loans held for trading reported in Schedule RC-D, item 6.b.
- 1.c** **Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans to individuals for household, family, and other personal expenditures held for trading reported in Schedule RC-D, item 6.c.
- 1.c.(1)** **Credit cards.** Report the total unpaid principal balance outstanding for all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards held for trading reported in Schedule RC-D, item 6.c.(1).

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Schedule RC-D – Trading Assets and Liabilities (cont.)

Memoranda

Item No. Caption and Instructions

- 1.c.(2)** **Other revolving credit plans.** Report the total unpaid principal balance outstanding for all extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards held for trading reported in Schedule RC-D, item 6.c.(2).
- 1.c.(3)** **Other consumer loans.** Report the total unpaid principal balance outstanding for all other loans to individuals for household, family, and other personal expenditures held for trading reported in Schedule RC-D, item 6.c.(3).
- 1.d** **Other loans.** Report the total unpaid principal balance outstanding for all loans held for trading reported in Schedule RC-D, item 6.d. Such loans include “Loans to depository institutions and acceptances of other banks,” “Loans to finance agricultural production and other loans to farmers,” “Loans to foreign governments and official institutions,” “Obligations (other than securities and leases) of states and political subdivisions in the U.S.,” and “Other loans” (as defined for Schedule RC-C, part I, items 2, 3, 7, 8, and 9).
- 2** Not applicable.
- 3** **Loans measured at fair value that are past due 90 days or more.** Report in the appropriate subitem the total fair value and unpaid principal balance of all loans held for trading included in Schedule RC-D, items 6.a through 6.d, that are past due 90 days or more as of the report date.

NOTE: Completion of Memorandum items 3.a and 3.b of Schedule RC-D is **optional** for the March 31, 2008, report date only. These items must be completed by all banks that complete Schedule RC-D beginning June 30, 2008.

- 3.a** **Fair value.** Report the total fair value of all loans held for trading included in Schedule RC-D, items 6.a through 6.d, that are past due 90 days or more as of the report date.
- 3.b** **Unpaid principal balance.** Report in the appropriate column the total unpaid principal balance of all loans held for trading included in Schedule RC-D, items 6.a through 6.d, that are past due 90 days or more as of the report date.

NOTE: Memorandum items 4 through 10 are applicable only to banks that reported a quarterly average for trading assets of \$1 billion or more in Schedule RC-K, item 7, for any of the four preceding quarterly reports.

NOTE: Completion of Memorandum items 4 through 10 of Schedule RC-D is **optional** for the March 31, 2008, report date only. These items must be completed by all banks that complete Schedule RC-D and meet the \$1 billion reporting threshold beginning June 30, 2008.

- 4** **Asset-backed securities.** Report in the appropriate subitem the total fair value of all asset-backed securities, including asset-backed commercial paper, held for trading reported in Schedule RC-D, items 4 and 5. For purposes of categorizing asset-backed securities in

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Schedule RC-D, Memorandum items 4.a through 4.h, below, each individual asset-backed security should be included in the item that most closely describes the predominant type of

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Schedule RC-D – Trading Assets and Liabilities (cont.)

Memoranda

Item No. Caption and Instructions

- 4
(cont.) asset that collateralizes the security and this categorization should be used consistently over time. For example, an asset-backed security may be collateralized by automobile loans to both individuals and business enterprises. If the prospectus for this asset-backed security or other available information indicates that these automobile loans are predominantly loans to individuals, the security should be reported in Schedule RC-D, Memorandum item 4.e, as being collateralized by automobile loans.
- 4.a **Residential mortgage-backed securities.** Report the total fair value of all asset-backed securities collateralized by 1-4 family residential mortgages, including mortgage pass-through securities, collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments), and mortgage-backed commercial paper. [
- 4.b **Commercial mortgage-backed securities.** Report the total fair value of all asset-backed securities collateralized by mortgages other than 1-4 family residential mortgages, including mortgage pass-through securities, collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments), and mortgage-backed commercial paper.
- 4.c **Credit card receivables.** Report the total fair value of all asset-backed securities collateralized by credit card receivables, i.e., extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards as defined for Schedule RC-C, part I, item 6.a.
- 4.d **Home equity lines.** Report the total fair value of all asset-backed securities collateralized by home equity lines of credit, i.e., revolving, open-end lines of credit secured by 1-to-4 family residential properties as defined for Schedule RC-C, part I, item 1.c.(1).
- 4.e **Automobile loans.** Report the total fair value of all asset-backed securities collateralized by automobile loans, i.e., loans to individuals for the purpose of purchasing private passenger vehicles, including minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use. Such loans are a subset of “Other consumer loans,” as defined for Schedule RC-C, part I, item 6.c.
- 4.f **Other consumer loans.** Report the total fair value of all asset-backed securities collateralized by other consumer loans, i.e., loans to individuals for household, family, and other personal expenditures as defined for Schedule RC-C, part I, items 6.b and 6.c, excluding automobile loans as described in Schedule RC-D, Memorandum item 4.e, above.
- 4.g **Commercial and industrial loans.** Report the total fair value of all asset-backed securities collateralized by commercial and industrial loans, i.e., loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than by real estate) or unsecured, single-payment or installment, as defined for Schedule RC-C, part I, item 4.

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Schedule RC-D – Trading Assets and Liabilities (cont.)

Memoranda

Item No. Caption and Instructions

- 4.h** **Other.** Report the total fair value of all asset-backed securities collateralized by loans other than those included in Schedule RC-D, Memorandum items 4.a through 4.g, above, i.e., loans as defined for Schedule RC-C, part I, items 2, 3, and 7 through 9 and lease financing receivables as defined for Schedule RC-C, part I, item 10.
- 5** **Collateralized debt obligations.** Report in the appropriate subitem the total fair value of all collateralized debt obligations (CDOs) held for trading. For purposes of this item, CDOs are defined as debt securities backed by bonds, investments, receivables, credit derivatives, and other assets. Exclude asset-backed securities that are backed by mortgage loans, non-mortgage loans, and lease financing receivables included in Schedule RC-D, Memorandum items 4.a through 4.h, above.
- 5.a** **Synthetic.** Report the fair value of all collateralized debt obligations (CDOs) that are backed by credit derivatives referencing specific obligors and/or instruments as opposed to being backed by specific reference assets other than credit derivatives.
- 5.b** **Other.** Report the fair value of all collateralized debt obligations (CDOs) that do not meet the definition of a Synthetic CDO in Schedule RC-D, Memorandum item 5.a, above.
- 6** **Retained beneficial interests in securitizations (first-loss or equity tranches).** Report the total fair value of assets held for trading that represent interests that continue to be held by the bank following a securitization (as defined by FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*) to the extent that such interests will absorb losses resulting from the underlying assets before those losses affect outside investors. Examples of such items include credit-enhancing interest-only strips (as defined in the instructions for Schedule RC-R, item 10) and residual interests in securitization trusts (as defined in the instructions for Schedule RC-R, item 50).
- 7** **Equity securities.** Report in the appropriate subitem the total fair value of all equity securities held for trading. Include equity securities classified as trading with readily determinable fair values as defined by FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, and those equity securities that are outside the scope of Statement No. 115.
- 7.a** **Readily determinable fair values.** Report the total fair value of all equity securities held for trading that are within the scope of FASB Statement No. 115.
- 7.b** **Other.** Report the total fair value of all equity securities held for trading other than those included in Schedule RC-D, Memorandum item 7.a, above.
- 8** **Loans pending securitization.** Report the total fair value of all loans included in Schedule RC-D, items 6.a through 6.d, that are held for securitization purposes. Report such loans in this item only if the bank expects the securitization transaction to be accounted for as a sale under FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.

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- 9** **Other trading assets.** Disclose in Memorandum items 9.a through 9.c each component of Schedule RC-D, item 9, "Other trading assets," and the fair value of such component, that is

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Schedule RC-D – Trading Assets and Liabilities (cont.)

Memoranda

Item No. Caption and Instructions

- 9** greater than \$25,000 and exceeds 25 percent of the amount reported for this item. For each
(cont.) component of other trading assets that exceeds this disclosure threshold, describe the
 component with a clear but concise caption in Memorandum items 9.a through 9.c. These
 descriptions should not exceed 50 characters in length (including spacing between words).
- 10** **Other trading liabilities.** Disclose in Memorandum items 10.a through 10.c each
 component of Schedule RC-D, item 13.b, “Other trading liabilities,” and the fair value of such
 component, that is greater than \$25,000 and exceeds 25 percent of the amount reported for
 this item. For each component of other trading liabilities that exceeds this disclosure
 threshold, describe the component with a clear but concise caption in Memorandum items
 10.a through 10.c. These descriptions should not exceed 50 characters in length (including
 spacing between words).

Schedule RC-E – Deposit Liabilities

Memoranda

Item No. Caption and Instructions

- 1.c** **Fully insured brokered deposits.** Report in the appropriate subitem all fully insured
 brokered deposits (as defined in the Glossary entry for “brokered deposits”) included in
 Schedule RC-E, Memorandum item 1.b above.

In some cases, brokered certificates of deposit are issued in \$1,000 amounts under a master certificate of deposit issued by a bank to a deposit broker in an amount that exceeds \$100,000. For these so-called “retail brokered deposits,” multiple purchases by individual depositors from an individual bank normally do not exceed the applicable deposit insurance limit (either \$100,000 or \$250,000), but under current deposit insurance rules the deposit broker is not required to provide information routinely on these purchasers and their account ownership capacity to the bank issuing the deposits. If this information is not readily available to the issuing bank, these brokered certificates of deposit in \$1,000 amounts may be rebuttably presumed to be fully insured brokered deposits and should be reported in Schedule RC-E, Memorandum item 1.c.(1), below. In addition, some brokered deposits are transaction accounts or money market deposit accounts (MMDAs) that are denominated in amounts of \$0.01 and established and maintained by the deposit broker (or its agent) as agent, custodian, or other fiduciary for the broker’s customers. An individual depositor’s deposits within the brokered transaction account or MMDA normally do not exceed the applicable deposit insurance limit. As with retail brokered deposits, if information on these depositors and their account ownership capacity is not readily available to the bank establishing the transaction account or MMDA, the amounts in the transaction account or MMDA may be rebuttably presumed to be fully insured brokered deposits and should be reported in Schedule RC-E, Memorandum item 1.c.(1), below.

- 1.c.(1)** **Brokered deposits issued in denominations of less than \$100,000.** Report in this item
 those brokered deposits issued by the bank in denominations of less than \$100,000. Also
 report in this item time deposits issued to deposit brokers in the form of large (\$100,000 or

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more) certificates of deposit that have been participated out by the broker in shares of less than \$100,000.

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Schedule RC-E – Deposit Liabilities (cont.)

Memoranda

Item No. Caption and Instructions

1.c.(1) For brokered deposits that represent retirement deposit accounts (as defined in (cont.) Schedule RC-O, Memorandum item 1) eligible for \$250,000 in deposit insurance coverage, report such brokered deposits in this item only if they have been issued by the bank in denominations of less than \$100,000.

1.c.(2) **Brokered deposits issued in denominations of \$100,000 and certain brokered retirement deposit accounts.** Report in this item those brokered deposits issued by the bank in denominations of exactly \$100,000.

Also report in this item brokered deposits that represent retirement deposit accounts (as defined in Schedule RC-O, Memorandum item 1) eligible for \$250,000 in deposit insurance coverage that have been issued by the bank (a) in denominations of more than \$100,000 through exactly \$250,000 or (b) in denominations greater than \$100,000 that have been participated out by the broker in shares of more than \$100,000 through exactly \$250,000.

Schedule RC-K – Quarterly Averages

<u>FFIEC 041</u> <u>Item No.</u>	<u>FFIEC 031</u> <u>Item No.</u>	<u>Caption and Instructions</u>
6.b	6.a.(2)	<u>Loans secured by real estate:</u>
6.b.(1)	6.a.(2)(a)	<u>Loans secured by 1-4 family residential properties.</u> Report the quarterly average for loans secured by 1-4 family residential properties (in domestic offices) (as defined for Schedule RC-C, part I, item 1.c, column B).
6.b.(2)	6.a.(2)(b)	<u>All other loans secured by real estate.</u> Report the quarterly average for all loans secured by real estate, excluding those secured by 1-4 family residential properties (in domestic offices) (as defined for Schedule RC-C, part 1, items 1.a, 1.b, 1.d, and 1.e, column B).

Schedule RC-N – Past Due and Nonaccrual Loans, Leases, and Other Assets

Memoranda

Item No. Caption and Instructions

1 **Restructured loans and leases included in Schedule RC-N, item 1 through 8, above.** Report in the appropriate subitem and column the amount of restructured loans and leases (as defined above) that under their modified repayment terms are past due 30 days or more or are in nonaccrual status as of the report date. Such loans and leases will have been included in one or more of the loan categories in items 1 through 8 of this schedule. However, exclude from this item all restructured loans to individuals for household, family, and other personal expenditures (included in Schedule RC-N, items 5.a and 5.b).

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Schedule RC-N – Past Due and Nonaccrual Loans, Leases, and Other Assets (cont.)

Memoranda

Item No. Caption and Instructions

- 1.a **Loans secured by 1-4 family residential properties in domestic offices.** Report in the appropriate column all restructured loans secured by 1-4 family residential properties (in domestic offices) included in items 1.c.(1), 1.c.(2)(a), and 1.c.(2)(b) of this schedule that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.b **Other loans and all leases.** Report in the appropriate column all other restructured loans and leases that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date. Exclude from this item all restructured loans to individuals for household, family, and other personal expenditures.
- 5 **Loans and leases held for sale and loans measured at fair value.** Report in the appropriate subitem and column the amount of all loans and leases held for sale, whether measured at the lower of cost or fair value or at fair value under a fair value option, and all loans held for investment measured at fair value under a fair value option that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans and leases will have been included in one or more of the loan and lease categories in items 1 through 8 of Schedule RC-N above and would, therefore, exclude any loans classified as trading assets and included in Schedule RC, item 5.
- 5.a **Loans and leases held for sale.** Report in the appropriate column the carrying amount of all loans and leases classified as held for sale included in Schedule RC, item 4.a, which are reported at the lower of cost or fair value or at fair value under a fair value option, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.b **Loans measured at fair value.** Report in the appropriate subitem and column the total fair value and unpaid principal balance of all loans held for investment that are measured at fair value under a fair value option included in Schedule RC, item 4.b, that are past due 30 days or more or are in nonaccrual status as of the report date.

NOTE: Completion of Memorandum items 5.b.(1) and (2) of Schedule RC-N is **optional** for the March 31, 2008, report date only. These items must be completed by all banks beginning June 30, 2008.

- 5.b.(1) **Fair value.** Report in the appropriate column the total fair value of all loans held for investment that are measured at fair value under a fair value option included in Schedule RC, item 4.b, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.b.(2) **Unpaid principal balance.** Report in the appropriate column the total unpaid principal balance of all loans held for investment that are measured at fair value under a fair value option included in Schedule RC, item 4.b, that are past due 30 days or more or are in nonaccrual status as of the report date.

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Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments

General Instructions

Each bank must complete items 1 and 2 (and, on the FFIEC 031 report, item 3) and Memorandum items 1 through 3 of Schedule RC-O on an unconsolidated single FDIC certificate number basis. Each separately chartered depository institution that is insured by the FDIC has a unique FDIC certificate number. When an insured bank owns another depository institution as a subsidiary, each institution should report only its own deposit liabilities in Schedule RC-O under its own FDIC certificate number (i.e., the parent bank should not combine the subsidiary institution's deposit liabilities with its own in Schedule RC-O).

In addition, an institution that meets one of the criteria discussed below must complete items 4 and 5 (and, on the FFIEC 031 report, item 6) of Schedule RC-O on an unconsolidated single FDIC certificate number basis each quarter.

Effective March 31, 2008, an institution that (a) reported \$1 billion or more in total assets as of the March 31, 2007, report date (regardless of its asset size in subsequent quarters) or (b) became insured by the FDIC on or after April 1, 2007, but before January 1, 2008, must report both quarter-end balances and daily averages for the quarter in Schedule RC-O. (The calculation of daily averages is discussed below in these General Instructions.) In addition, an institution that meets one of the following criteria must report both quarter-end deposit totals and daily averages in Schedule RC-O:

- (1) If an institution reports \$1 billion or more in total assets in two consecutive Reports of Condition and Income subsequent to its March 31, 2007, report, the institution must begin reporting both quarter-end balances and daily averages for the quarter beginning on the later of the March 31, 2008, report date or the report date six months after the second consecutive quarter in which it reports total assets of \$1 billion or more. For example, if an institution reports \$1 billion or more in total assets in its reports for June 30 and September 30, 2007, it would have to begin reporting daily averages in its report for March 31, 2008. If the institution reports \$1 billion or more in total assets in its reports for December 31, 2008, and March 31, 2009, it would have to begin reporting daily averages in its report for September 30, 2009.
- (2) If an institution becomes newly insured by the FDIC on or after January 1, 2008, the institution must report daily averages in Schedule RC-O beginning in the first quarterly Reports of Condition and Income that it files. The daily averages reported in the first report the institution files after becoming FDIC-insured would include the dollar amounts for the days since the institution began operations and zero for the days prior to the date the institution began operations, effectively pro-rating the first quarter's assessment base.
- (3) If an institution chose to begin reporting both quarter-end deposit totals and daily averages in Schedule RC-O as of any quarter-end report date during the interim period covering the March 31, 2007, through December 31, 2007, report dates, it must continue to report daily averages each quarter in 2008 and thereafter.

The deposit insurance assessment base of an institution that reports daily averages for total deposits and allowable exclusions will be determined using the daily averages rather than the institution's quarter-end balances.

Any institution that reported less than \$1 billion in total assets in its March 31, 2007, report may continue to report only quarter-end total deposits and allowable exclusions until it meets the two-consecutive-quarter asset size test for reporting daily averages. Alternatively, the institution may opt permanently at

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any time to begin reporting daily averages for purposes of determining its assessment base. After an institution

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Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

General Instructions (cont.)

begins to report daily averages for its total deposits and allowable exclusions, either voluntarily or because it is required to do so, the institution is not permitted to switch back to reporting only quarter-end balances.

The amounts to be reported as daily averages are the sum of the gross amounts of total deposits (domestic and foreign) and allowable exclusions for each calendar day during the quarter divided by the number of calendar days in the quarter (except as noted above for an institution that becomes insured on or after January 1, 2008, in the first report it files after becoming insured). For days that an office of the reporting institution (or any of its subsidiaries or branches) is closed (e.g., Saturdays, Sundays, or holidays), the amounts outstanding from the previous business day would be used. An office is considered closed if there are no transactions posted to the general ledger as of that date.

Item Instructions

Item No. Caption and Instructions

- 1 **Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations.** Report on an unconsolidated single FDIC certificate number basis the gross total deposit liabilities as of the calendar quarter-end report date that meet the statutory definition of deposits in Section 3(l) of the Federal Deposit Insurance Act before deducting exclusions from total deposits that are allowed in the determination of the assessment base upon which deposit insurance assessments (and FICO premiums) are calculated. Since the FDIC's amendments to its assessment regulations in 2006 did not substantially change the definition of deposits for assessment purposes, an institution's gross total deposit liabilities are the combination of all deposits in "domestic offices" reported in Schedule RC, item 13.a; all deposits in "foreign offices" reported in Schedule RC, item 13.b, on the FFIEC 031 report; interest accrued and unpaid on deposits in "domestic offices" reported in Schedule RC-G, item 1.a; interest accrued and unpaid on deposits in "foreign offices" included in Schedule RC-G, item 1.b; uninvested trust funds held in the institution's own trust department; deposits of consolidated subsidiaries and the interest accrued and unpaid on such deposits; the amount by which demand deposits reported in Schedule RC, item 13, have been reduced from the netting of the reporting institution's reciprocal demand balances with foreign banks and foreign offices of other U.S. banks (other than insured branches in Puerto Rico and U.S. territories and possessions); and the amount by which any other deposit liabilities reported in Schedule RC, item 13, have been reduced by assets netted against these liabilities in accordance with generally accepted accounting principles; less the amount of unamortized premiums included in the amount of deposit liabilities reported in Schedule RC, item 13; plus the amount of unamortized discounts reflected in the amount of deposit liabilities reported in Schedule RC, item 13; plus other obligations meeting the Section 3(l) statutory definition of a deposit that may be housed in systems of record not normally thought of as deposit systems. See the Glossary entry for "deposits" for the statutory definition of deposits.

An institution's documentation to support the amounts reported for purposes of determining its assessment base has always been, and continues to be, subject to verification. This documentation includes the actual system control summaries in the institution's systems that provide the detail sufficient to track, control, and handle inquiries from depositors about their specific individual accounts. These systems can be automated or manual. If the system control summaries have been reduced by accounts that are overdrawn, these overdrawn

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Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

<u>Item No.</u>	<u>Caption and Instructions</u>
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1 (cont.)	accounts are extensions of credit that must be treated and reported as “loans” rather than being treated as negative deposit balances.
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Unposted debits and unposted credits should not be included in an institution’s system control summaries. However, if they are included in the gross total deposit liabilities reported in this item, they may be excluded in Schedule RC-O, item 2 below.

2	<u>Total allowable exclusions (including foreign deposits).</u> Report on an unconsolidated single FDIC certificate number basis the total amount of allowable exclusions from deposits as of the calendar quarter-end report date if the institution maintains such records as will readily permit verification of the correctness of its reporting of exclusions. The allowable exclusions include:
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(1) *Foreign Deposits:* As defined in Section 3(l)(5) of the Federal Deposit Insurance Act, foreign deposits include

(A) any obligation of a depository institution which is carried on the books and records of an office of such bank or savings association located outside of any State, unless –

(i) such obligation would be a deposit if it were carried on the books and records of the depository institution, and would be payable at, an office located in any State; and

(ii) the contract evidencing the obligation provides by express terms, and not by implication, for payment at an office of the depository institution located in any State; and

(B) any international banking facility deposit, including an international banking facility time deposit, as such term is from time to time defined by the Board of Governors of the Federal Reserve System in regulation D or any successor regulation issued by the Board of Governors of the Federal Reserve System.

NOTE: Foreign deposits are deposit obligations under the FDIC certificate number of the reporting bank only. Deposit obligations of a subsidiary depository institution chartered in a foreign country should not be included in amounts reported in Schedule RC-O under the domestic bank’s FDIC certificate number.

(2) *Reciprocal balances:* Any demand deposit due from or cash item in the process of collection due from any depository institution (not including a foreign bank or foreign office of another U.S. depository institution) up to the total amount of deposit balances due to and cash items in the process of collection due such depository institution.

(3) *Drafts drawn on other depository institutions:* Any outstanding drafts (including advices and authorization to charge the depository institution’s balance in another bank) drawn in the regular course of business by the reporting depository institution.

(4) *Pass-through reserve balances:* Reserve balances passed through to the Federal Reserve by the reporting institution that are also reflected as deposit liabilities of the reporting institution. This exclusion is not applicable to an institution that does not act as

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a correspondent bank in any pass-through reserve balance relationship. A state

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Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

Item No. Caption and Instructions

- 2
(cont.) nonmember bank generally cannot act as a pass-through correspondent unless it maintains an account for its own reserve balances directly with the Federal Reserve.
- (5) *Depository institution investment contracts*: Liabilities arising from depository institution investment contracts that are not treated as insured deposits under section 11(a)(5) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(5)). A Depository Institution Investment Contract is a separately negotiated depository agreement between an employee benefit plan and an insured depository institution that guarantees a specified rate for all deposits made over a prescribed period and expressly permits benefit-responsive withdrawals or transfers.
- (6) *Accumulated deposits*: Deposits accumulated for the payment of personal loans that are assigned or pledged to assure payment of the loans at maturity. Deposits that simply serve as collateral for loans are not an allowable exclusion.
- 3 **Total foreign deposits (included in total allowable exclusions)**. Report on an unconsolidated single FDIC certificate number basis the total amount of foreign deposits (including International Banking Facility deposits) as of the calendar quarter-end report date included in Schedule RC-O, item 2 above.
- 4 **Total daily average of deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations**. Report on an unconsolidated single FDIC certificate number basis the total daily average for the quarter of gross total deposit liabilities that meet the statutory definition of deposits in Section 3(l) of the Federal Deposit Insurance Act before deducting exclusions from total deposits that are allowed in the determination of the assessment base upon which deposit insurance assessments (and FICO premiums) are calculated. For further information on deposit amounts to be included, see the instructions for Schedule RC-O, item 1, above. For information on calculating the total daily average for the quarter, see the General Instructions for Schedule RC-O above.
- 5 **Total daily average of allowable exclusions (including foreign deposits)**. Report on an unconsolidated single FDIC certificate number basis the total daily average for the quarter of the total amount of allowable exclusions from deposits (as defined in Schedule RC-O, item 2, above) if the institution maintains such records as will readily permit verification of the correctness of its reporting of exclusions.
- 6 **Total daily average of foreign deposits**. Report on an unconsolidated single FDIC certificate number basis the total daily average for the quarter of the total amount of foreign deposits (including International Banking Facility deposits) included in Schedule RC-O, item 5, above.

Memoranda

Item No. Caption and Instruction

- 1 **Total deposits (in domestic offices) of the bank (and in insured branches in Puerto Rico and U.S. territories and possessions)**. Memorandum items 1.a.(1), 1.b.(1), 1.b.(2),

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1.c.(1), 1.d.(1), and 1.d.(2) are to be completed each quarter. Memorandum items 1.a.(2) and

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Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

Memoranda

Item No. Caption and Instructions

1
(cont.) 1.c.(2) are to be completed for the June report only. These Memorandum items should be reported on an unconsolidated single FDIC certificate number basis. The dollar amounts used as the basis for reporting the number and amount of deposit accounts in these eight Memorandum items reflect the deposit insurance limits in effect for “retirement deposit accounts” and other deposit accounts on the report date, which are \$250,000 and \$100,000, respectively.

“Retirement deposit accounts” that are eligible for \$250,000 in deposit insurance coverage are deposits made in connection with the following types of retirement plans:

- Individual Retirement Accounts (IRAs), including traditional and Roth IRAs;
- Simplified Employee Pension (SEP) plans;
- "Section 457" deferred compensation plans;
- Self-directed Keogh (HR 10) plans; and
- Self-directed defined contribution plans, which are primarily 401(k) plan accounts.

The term “self-directed” means that the plan participants have the right to direct how their funds are invested, including the ability to direct that the funds be deposited at an FDIC-insured institution.

Retirement deposit accounts exclude Coverdell Education Savings Accounts, formerly known as Education IRAs.

In some cases, brokered certificates of deposit are issued in \$1,000 amounts under a master certificate of deposit issued by a bank to a deposit broker in an amount that exceeds \$100,000. For these so-called “retail brokered deposits,” multiple purchases by individual depositors from an individual bank normally do not exceed the applicable deposit insurance limit (either \$100,000 or \$250,000), but under current deposit insurance rules the deposit broker is not required to provide information routinely on these purchasers and their account ownership capacity to the bank issuing the deposits. If this information is not readily available to the issuing bank, these brokered certificates of deposit in \$1,000 amounts may be rebuttably presumed to be fully insured and should be reported as “Deposit accounts of \$100,000 or less” in Schedule RC-O, Memorandum item 1.a, below. In addition, some brokered deposits are transaction accounts or money market deposit accounts (MMDAs) that are denominated in amounts of \$0.01 and established and maintained by the deposit broker (or its agent) as agent, custodian, or other fiduciary for the broker’s customers. An individual depositor’s deposits within the brokered transaction account or MMDA normally do not exceed the applicable deposit insurance limit. As with retail brokered deposits, if information on these depositors and their account ownership capacity is not readily available to the bank establishing the transaction account or MMDA, the amounts in the transaction account or MMDA may be rebuttably presumed to be fully insured and should be reported as “Deposit accounts of \$100,000 or less” in Schedule RC-O, Memorandum item 1.a, below.

When determining the number and size of deposit accounts, each individual certificate, passbook, account, and other evidence of deposit is to be treated as a separate account. For purposes of completing this Memorandum item, multiple accounts of the same depositor

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should not be aggregated. In situations where a bank assigns a single account number to each depositor so that one account number may represent multiple deposit contracts between

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Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

Memoranda

Item No. Caption and Instructions

1 the bank and the depositor (e.g., one demand deposit account, one money market deposit
(cont.) account, and three certificates of deposit), each deposit contract is a separate account.

The sum of Memorandum items 1.a.(1), 1.b.(1), 1.c.(1), and 1.d.(1) must equal Schedule RC-O, item 1, "Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations," less item 2, "Total allowable exclusions (including foreign deposits)."

1.a **Deposit accounts (excluding retirement accounts) of \$100,000 or less.** Report in the appropriate subitem the amount outstanding and the number of deposit accounts, excluding retirement deposit accounts (as defined in Schedule RC-O, Memorandum item 1), with a balance of \$100,000 or less as of the report date.

1.a.(1) **Amount of deposit accounts (excluding retirement accounts) of \$100,000 or less.**
Report the aggregate balance of all deposit accounts, certificates, or other evidences of deposit (demand, savings, and time), excluding retirement deposit accounts, with a balance on the report date of \$100,000 or less. This amount should represent the total of the balances of the deposit accounts enumerated in Schedule RC-O, Memorandum item 1.a.(2) below.

1.a.(2) **Number of deposit accounts (excluding retirement accounts) of \$100,000 or less.**
(To be completed for the June report only.) Report the total number of deposit accounts (demand, savings, and time), excluding retirement deposit accounts, with a balance on the report date of \$100,000 or less. Count each certificate, passbook, account, and other evidence of deposit that has a balance of \$100,000 or less.

1.b **Deposit accounts (excluding retirement accounts) of more than \$100,000.** Report in the appropriate subitem the amount outstanding and the number of deposit accounts, excluding retirement deposit accounts (as defined in Schedule RC-O, Memorandum item 1), with a balance of more than \$100,000 as of the report date.

1.b.(1) **Amount of deposit accounts (excluding retirement accounts) of more than \$100,000.**
Report the aggregate balance of all deposit accounts, certificates, or other evidences of deposit (demand, savings, and time), excluding retirement deposit accounts, with a balance on the report date of more than \$100,000. This amount should represent the total of the balances of the deposit accounts enumerated in Schedule RC-O, Memorandum item 1.b.(2) below.

1.b.(2) **Number of deposit accounts (excluding retirement accounts) of more than \$100,000.**
Report the total number of deposit accounts (demand, savings, and time), excluding retirement deposit accounts, with a balance on the report date of more than \$100,000. Count each certificate, passbook, account, and other evidence of deposit that has a balance of more than \$100,000.

1.c **Retirement deposit accounts of \$250,000 or less.** Report in the appropriate subitem the amount outstanding and the number of retirement deposit accounts (as defined in Schedule RC-O, Memorandum item 1) with a balance of \$250,000 or less as of the report

date.

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Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

Memoranda

Item No. Caption and Instructions

- 1.c.(1)** Amount of retirement deposit accounts of \$250,000 or less. Report the aggregate balance of all retirement deposit accounts, certificates, or other evidences of deposit (demand, savings, and time) with a balance on the report date of \$250,000 or less. This amount should represent the total of the balances of the retirement deposit accounts enumerated in Schedule RC-O, Memorandum item 1.c.(2) below.
- 1.c.(2)** Number of retirement deposit accounts of \$250,000 or less. (To be completed for the June report only.) Report the total number of retirement deposit accounts (demand, savings, and time) with a balance on the report date of \$250,000 or less. Count each certificate, passbook, account, and other evidence of deposit which has a balance of \$250,000 or less.
- 1.d** Retirement deposit accounts of more than \$250,000. Report in the appropriate subitem the amount outstanding and the number of retirement deposit accounts (as defined in Schedule RC-O, Memorandum item 1) with a balance of more than \$250,000 as of the report date.
- 1.d.(1)** Amount of retirement deposit accounts of more than \$250,000. Report the aggregate balance of all retirement deposit accounts, certificates, or other evidences of deposit (demand, savings, and time) with a balance on the report date of more than \$250,000. This amount should represent the total of the balances of the retirement deposit accounts enumerated in Schedule RC-O. Memorandum item 1.d.(2) below.
- 1.d.(2)** Number of retirement deposit accounts of more than \$250,000. Report the total number of retirement deposit accounts (demand, savings, and time) with a balance on the report date of more than \$250,000. Count each certificate, passbook, account, and other evidence of deposit which has a balance of more than \$250,000.
- 2** Estimated amount of uninsured deposits (in domestic offices of the bank and in insured branches in Puerto Rico and U.S. territories and possessions).

Schedule RC-O, Memorandum item 2, is to be completed on an unconsolidated single FDIC certificate number basis by banks with \$1 billion or more in total assets.

Report the estimated amount of the bank's deposits (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) that is not covered by federal deposit insurance. This estimate should reflect the deposit insurance limits in effect for "retirement deposit accounts" (as defined in Schedule RC-O, Memorandum item 1) and other deposit accounts on the report date, which are \$250,000 and \$100,000, respectively. The reporting of this information is mandated by Section 7(a)(9) of the Federal Deposit Insurance Act.

The bank's estimate of its uninsured deposits should be reported in accordance with the following criteria. In this regard, it is recognized that a bank may have multiple automated information systems for different types of deposits and that the capabilities of a bank's information systems to provide an estimate of its uninsured deposits will differ from bank to bank at any point in time and, within an individual institution, may improve over time.

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Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

Memoranda

Item No. **Caption and Instructions**

- 2**
(cont.)
- (1) If the bank has brokered deposits, which must be reported in Schedule RC-E, Memorandum item 1.b, "Total brokered deposits," it must use the information it has developed for completing Schedule RC-E, Memorandum item 1.c, "Fully insured brokered deposits," to determine its best estimate of the uninsured portion of its brokered deposits.
 - (2) If the bank has deposit accounts whose ownership is based on a fiduciary relationship, Part 330 of the FDIC's regulations generally states that the titling of the deposit account (together with the underlying records) must indicate the existence of the fiduciary relationship in order for insurance coverage to be available on a "pass-through" basis. Fiduciary relationships include, but are not limited to, relationships involving a trustee, agent, nominee, guardian, executor, or custodian.

A bank with fiduciary deposit accounts with balances of \$100,000 or more must diligently use the available data on these deposit accounts, including data indicating the existence of different principal and income beneficiaries and data indicating that some or all of the funds on deposit represent retirement deposit accounts eligible for \$250,000 in deposit insurance coverage, to determine its best estimate of the uninsured portion of these accounts.
 - (3) If the bank has deposit accounts of employee benefit plans, Part 330 of the FDIC's regulations states that these accounts are insured on a "pass-through" basis for the non-contingent interest of each plan participant provided that certain prescribed recordkeeping requirements are met. A bank with employee benefit plan deposit accounts with balances of \$100,000 or more must diligently use the available data on these deposit accounts to determine its best estimate of the uninsured portion of these accounts.
 - (4) If the bank's deposit accounts include benefit-responsive "Depository Institution Investment Contracts," which must be included in Schedule RC-O, item 2, these deposit liabilities are not eligible for federal deposit insurance pursuant to Section 11(a)(8) of the Federal Deposit Insurance Act. A bank with benefit-responsive "Depository Institution Investment Contracts" must include the entire amount of these contracts in the estimated amount of uninsured deposits it reports in this Memorandum item 2.
 - (5) If the bank has deposit accounts with balances in excess of the federal deposit insurance limit that it has collateralized by pledging assets, such as deposits of the U.S. Government and of states and political subdivisions in the U.S. (which must be reported in Schedule RC-E, items 2 and 3, and, on the FFIEC 031 report form, in Schedule RC-E, part II, item 5), the bank should make a reasonable estimate of the portion of these deposits that is uninsured using the data available from its information systems.
 - (6) If the bank has deposit accounts with balances in excess of the federal deposit insurance limit for which it has acquired private deposit insurance to cover this excess amount, the bank should make a reasonable estimate of the portion of these deposits that is not insured by the FDIC using the data available from its information systems.

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- (7) For all other deposit accounts, the bank should make a reasonable estimate of the portion of these deposits that is uninsured using the data available from its information systems.

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Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

Memoranda

Item No. Caption and Instructions

2
(cont.) In developing this estimate, if the bank has automated information systems in place that enable it to identify jointly owned accounts and estimate the deposit insurance coverage of these deposits, the higher level of insurance afforded these joint accounts should be taken into consideration. Similarly, if the bank has automated information systems in place that enable it to classify accounts by deposit owner and/or ownership capacity, the bank should incorporate this information into its estimate of the amount of uninsured deposits by aggregating accounts held by the same deposit owner in the same ownership capacity before applying the \$100,000 or \$250,000 insurance limit, as appropriate. Ownership capacities include, but are not limited to, single ownership, joint ownership, business (excluding sole proprietorships), revocable trusts, irrevocable trusts, and retirement accounts.

In the absence of automated information systems, a bank may use nonautomated information such as paper files or less formal knowledge of its depositors if such information provides reasonable estimates of appropriate portions of its uninsured deposits. A bank's use of such nonautomated sources of information is considered appropriate unless errors associated with the use of such sources would contribute significantly to an overall error in the FDIC's estimate of the amount of insured and uninsured deposits in the banking system.

3 **Has the reporting institution been consolidated with a parent bank or savings association in that parent bank's or parent savings association's Call Report or Thrift Financial Report?** If the reporting bank is owned by another bank or savings association and that parent bank or parent savings association is consolidating the reporting bank as part of the parent institution's Call Report or Thrift Financial Report for this report date, report the legal title and FDIC Certificate Number of the parent institution in this item.

Schedule RC-P – 1-4 Family Residential Mortgage Banking Activities

General Instructions

Schedule RC-P is to be completed by (1) all banks with \$1 billion or more in total assets and (2) those banks with less than \$1 billion in total assets where **any** of the following residential mortgage banking activities (in domestic offices) exceeds \$10 million for two consecutive quarters:

- (a) Closed-end and open-end first lien and junior lien 1-4 family residential mortgage loan originations and purchases for resale from all sources during a calendar quarter; or
- (b) Closed-end and open-end first lien and junior lien 1-4 family residential mortgage loan sales during a calendar quarter; or
- (c) Closed-end and open-end first lien and junior lien 1-4 family residential mortgage loans held for sale at calendar quarter-end.

For a bank with less than \$1 billion in total assets, the bank must complete Schedule RC-P beginning the second quarter in which the \$10 million threshold is exceeded and continue to complete the schedule through the end of the calendar year. Open-end mortgage banking activities should be measured using the "total commitment under the lines of credit" as defined below. For example, if the bank's closed-end

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and open-end first and junior lien 1-4 family residential mortgage loan originations and purchases for resale from all sources exceeded \$10 million during the quarter ended June 30, 2008, and the bank's

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Schedule RC-P – 1-4 Family Residential Mortgage Banking Activities (cont.)

General Instructions (cont.)

sales of such loans exceeded \$10 million during the quarter ended September 30, 2008, the bank would be required to complete Schedule RC-P in its September 30 and December 31, 2008, Call Reports. If its total assets remain less than \$1 billion, the level of this bank's mortgage bank activities during the fourth quarter of 2008 and the first quarter of 2009 would determine whether it would need to complete Schedule RC-P each quarter during 2009 beginning March 31, 2009.

For purposes of reporting on open-end loans extended under lines of credit in Schedule RC-P, the "total commitment under the lines of credit" is defined as the total amount of the lines of credit granted to customers at the time the open-end credits were originated. For retail and wholesale originations of such open-end loans, the "principal amount funded under the lines of credit" is defined as the initial fundings made to customers on newly established lines of credit. For open-end loans purchased, sold, held for sale, and repurchased or indemnified, the "principal amount funded under the lines of credit" is defined as the principal balance outstanding of loans extended under lines of credit at the transaction date or at quarter-end, as appropriate.

NOTE: Completion of items 1.c.(1) and (2), 2.c.(1) and (2), 3.c.(1) and (2), 4.c.(1) and (2), 5.b, and 6.c.(1) and (2) of Schedule RC-P is **optional** for the March 31, 2008, report date only. These items must be completed by all banks required to completed Schedule RC-P beginning June 30, 2008.

Item Instructions

Item No. Caption and Instructions

- 1** **Retail originations during the quarter of 1-4 family residential mortgage loans for sale.**
Report in the appropriate subitem retail originations of closed-end and open-end 1-4 family residential mortgage loans for resale during the calendar quarter ending on the report date. Include as retail originations those closed-end and open-end 1-4 family residential mortgage loans for which the origination and underwriting process was handled exclusively by the bank or a consolidated subsidiary of the bank. However, if the reporting bank is acting merely as a broker or agent and forwards loan applications and supporting documentation to another party who closes or funds the loans in its name (even if the reporting bank has some involvement in processing and underwriting the loans), the reporting bank should not report these loans as originations or purchases in this schedule.
- Exclude closed-end and open-end 1-4 family residential mortgage loans originated or purchased for the reporting bank's own loan portfolio.
- 1.a** **Closed-end first liens.** Report the principal amount of retail originations of closed-end first lien 1-4 family residential mortgage loans for resale during the calendar quarter.
- 1.b** **Closed-end junior liens.** Report the principal amount of retail originations of closed-end junior lien 1-4 family residential mortgage loans for resale during the calendar quarter.
- 1.c** **Open-end loans extended under lines of credit:**
- 1.c.(1)** **Total commitment under the lines of credit.** Report the total amount of open-end commitments under retail originations of revolving, open-end lines of credit secured by 1-4 family residential properties for resale during the calendar quarter.

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Schedule RC-P – 1-4 Family Residential Mortgage Banking Activities (cont.)

Item No. Caption and Instructions

1.c.(2) **Principal amount funded under the lines of credit.** Report the total principal amount funded under open-end commitments arising from the retail originations of revolving, open-end lines of credit secured by 1-4 family residential properties for resale during the calendar quarter reported in item 1.c.(1) above.

2 **Wholesale originations and purchases during the quarter of 1-4 family residential mortgage loans for sale.** Report in the appropriate subitem wholesale originations and purchases of closed-end and open-end 1-4 family residential mortgage loans for resale during the calendar quarter ending on the report date. Include as wholesale originations and purchases those closed-end and open-end 1-4 family residential mortgage loans for resale for which the origination and underwriting process was handled in whole or in part by another party, such as a correspondent or mortgage broker, even if the loan was closed in the name of the bank or a consolidated subsidiary of the bank (often referred to as “table funding arrangements”). Also include acquisitions of closed-end and open-end 1-4 family residential mortgage loans for resale that were closed in the name of a party other than the bank or a consolidated subsidiary of the bank. However, if the reporting bank is acting merely as a broker or agent and forwards loan applications and supporting documentation to another party who closes or funds the loans in its name (even if the reporting bank has some involvement in processing and underwriting the loans), the reporting bank should not report these loans as originations or purchases in this schedule.

Exclude closed-end and open-end 1-4 family residential mortgage loans originated or purchased for the reporting bank’s own loan portfolio.

2.a **Closed-end first liens.** Report the principal amount of wholesale originations and purchases of closed-end first lien 1-4 family residential mortgage loans for resale during the calendar quarter.

2.b **Closed-end junior liens.** Report the principal amount of wholesale originations and purchases of closed -end junior lien 1-4 family residential mortgage loans for resale during the calendar quarter.

2.c **Open-end loans extended under lines of credit:**

2.c.(1) **Total commitment under the lines of credit.** Report the total amount of open-end commitments under wholesale originations and purchases of revolving, open-end lines of credit secured by 1-4 family residential properties for resale during the calendar quarter.

2.c.(2) **Principal amount funded under the lines of credit.** Report the total principal amount funded under open-end commitments arising from the wholesale originations of revolving, open-end lines of credit secured by 1-4 family residential properties for resale during the calendar quarter reported in item 2.c.(1) above.

3 **1-4 family residential mortgage loans sold during the quarter.** Report in the appropriate subitem closed-end and open-end 1-4 family residential mortgage loans sold during the calendar quarter ending on the report date. Include transfers of closed-end and open-end 1-4 family residential mortgage loans originated or purchased for resale from retail or wholesale sources that have been accounted for as sales in accordance with FASB

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Statement No. 140, i.e., those transfers where the loans are no longer included in the bank's

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Schedule RC-P – 1-4 Family Residential Mortgage Banking Activities (cont.)

<u>Item No.</u>	<u>Caption and Instructions</u>
3 (cont.)	consolidated total assets. Also include all sales during the quarter of closed-end and open-end 1-4 family residential mortgage loans directly from the bank's loan portfolio. For further information, see the Glossary entry for "transfers of financial assets."
3.a	<u>Closed-end first liens.</u> Report the principal amount of closed-end first lien 1-4 family residential mortgage loans sold during the calendar quarter.
3.b	<u>Closed-end junior liens.</u> Report the principal amount of closed-end junior lien 1-4 family residential mortgage loans sold during the calendar quarter.
3.c	<u>Open-end loans extended under lines of credit:</u>
3.c.(1)	<u>Total commitment under the lines of credit.</u> Report the total amount of open-end commitments under revolving, open-end lines of credit secured by 1-4 family residential properties sold during the calendar quarter.
3.c.(2)	<u>Principal amount funded under the lines of credit.</u> Report the total principal amount funded under open-end commitments associated with the revolving, open-end lines of credit secured by 1-4 family residential properties sold during the calendar quarter reported in item 3.c.(1) above.
4	<u>1-4 family residential mortgage loans held for sale at quarter-end.</u> Report in the appropriate subitem closed-end and open-end 1-4 family residential mortgages held for sale as of the quarter-end report date and included in Schedule RC, item 4.a, "Loans and leases held for sale." Loans held for sale should be reported at the lower of cost or fair value consistent with their presentation in the balance sheet (Schedule RC, item 4.a). Closed-end and open-end 1-4 family residential mortgage loans held for sale at quarter-end include any mortgage loans transferred at any time from the bank's loan portfolio to a held-for-sale account that have not been sold by quarter-end.
4.a	<u>Closed-end first liens.</u> Report the carrying amount of closed-end first lien 1-4 family residential mortgage loans held for sale at quarter-end.
4.b	<u>Closed-end junior liens.</u> Report the carrying amount of closed-end junior lien 1-4 family residential mortgage loans held for sale at quarter-end.
4.c	<u>Open-end loans extended under lines of credit:</u>
4.c.(1)	<u>Total commitment under the lines of credit.</u> Report the total amount of open-end commitments under revolving, open-end lines of credit secured by 1-4 family residential properties held for sale at quarter-end.
4.c.(2)	<u>Principal amount funded under the lines of credit.</u> Report the total principal amount funded under open-end commitments associated with the revolving, open-end lines of credit secured by 1-4 family residential properties held for sale at quarter-end reported in item 4.c.(1) above.

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Schedule RC-P – 1-4 Family Residential Mortgage Banking Activities (cont.)

Item No. **Caption and Instructions**

5 **Noninterest income for the quarter from the sale, securitization, and servicing of 1-4 family residential mortgage loans.** Report in the appropriate subitem the noninterest income earned during the calendar quarter ending on the report date from mortgage banking activities involving closed-end and open-end 1-4 family residential mortgage loans. Include the portion of the consolidated bank's "Net servicing fees," "Net securitization income," and "Net gains (losses) on sales of loans and leases" (items 5.f, 5.g, and 5.i of Schedule RI) earned during the quarter that is attributable to closed-end and open-end 1-4 family residential mortgage loans.

5.a **Closed-end 1-4 family residential mortgage loans.** Report the noninterest income earned during the calendar quarter ending on the report date from the sale, securitization, and servicing of closed-end 1-4 family residential mortgage loans.

5.b **Open-end 1-4 family residential mortgage loans extended under lines of credit.** Report the noninterest income earned during the calendar quarter ending on the report date from the sale, securitization, and servicing of revolving, open-end lines of credit secured by 1-4 family residential properties.

6 **Repurchases and indemnifications of 1-4 family residential mortgage loans during the quarter.** As a result of its 1–4 family residential mortgage banking activities, a bank may be obligated to repurchase mortgage loans that it has sold or otherwise indemnify the loan purchaser against loss because of borrower defaults, loan defects, other breaches of representations and warranties, or for other reasons. Report in the appropriate subitem all 1-4 family residential mortgage loans previously sold by the bank or a consolidated subsidiary that have been repurchased or indemnified during the calendar quarter ending on the report date.

Repurchased 1-4 family residential mortgage loans include loans that the bank (or a consolidated subsidiary) had sold but subsequently repurchased under provisions of the sales agreement because of a delinquency, noncompliance with the sellers' representations and warranties, fraud or misrepresentation, or any other repurchase requirement. Indemnifications of 1-4 family residential mortgage loans are limited to reimbursements to loan purchasers or other third parties for credit losses on loans that the bank (or a consolidated subsidiary) has sold. Include reimbursements made on loans where the bank has agreed with the purchaser or other third party not to repurchase the loan as required under the sales agreement, but rather to guarantee that no credit loss is sustained. Indemnifications also include loans for which payments have been made by the bank (or a consolidated subsidiary) to purchasers or other third parties as reimbursements for deficiency balances arising from sales of real estate collateral (whether or not foreclosed) on loans that the bank (or a consolidated subsidiary) has sold. Exclude indemnification arrangements that are limited to reimbursements of legal fees or administrative costs.

6.a **Closed-end first liens.** Report the total principal amount outstanding as of the date of repurchase or indemnification of closed-end first lien 1-4 family residential mortgage loans previously sold by the bank or a consolidated subsidiary that have been repurchased or indemnified during the calendar quarter ending on the report date.

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Schedule RC-P – 1-4 Family Residential Mortgage Banking Activities (cont.)

Item No. Caption and Instructions

- 6.b** **Closed-end junior liens.** Report the total principal amount outstanding as of the date of repurchase or indemnification of closed-end junior lien 1-4 family residential mortgage loans previously sold by the bank or a consolidated subsidiary that have been repurchased or indemnified during the calendar quarter ending on the report date.
- 6.c** **Open-end loans extended under lines of credit:**
- 6.c.(1)** **Total commitment under the lines of credit.** Report the total amount of open-end commitments under revolving, open-end lines of credit secured by 1-4 family residential properties that have been repurchased or indemnified during the calendar quarter ending on the report date.
- 6.c.(2)** **Principal amount funded under the lines of credit.** Report the total principal amount funded under open-end commitments associated with the revolving, open-end lines of credit secured by 1-4 family residential properties reported in item 6.c.(1) above that have been repurchased or indemnified during the calendar quarter ending on the report date.

Schedule RC-Q – Financial Assets and Liabilities Measured at Fair Value

General Instructions

Schedule RC-Q is to be completed by banks that have adopted FASB Statement No. 157, “Fair Value Measurements” (FAS 157), and either:

- (1) Have elected to report certain assets and liabilities at fair value with changes in fair value recognized in earnings in accordance with U.S. generally accepted accounting principles (GAAP) (i.e., FASB Statement No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (FAS 159); FASB Statement No. 155, “Accounting for Certain Hybrid Financial Instruments” (FAS 155); and FASB Statement No. 156, “Accounting for Servicing of Financial Assets” (FAS 156)). This election is generally referred to as the fair value option.

OR

- (2) Are required to complete Schedule RC-D, Trading Assets and Liabilities.

For purposes of the Reports of Condition and Income, banks must adopt FAS 157 in accordance with its effective date. Except for banks that have issued financial statements and filed Reports of Condition and Income that include the adoption of FAS 157 in its entirety, banks must adopt FAS 157 for all financial assets and financial liabilities and for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) in the first fiscal quarter of their first fiscal year beginning after November 15, 2007. Banks must adopt FAS 157 for all other nonfinancial assets and nonfinancial liabilities in the first fiscal quarter of their first fiscal year beginning after November 15, 2008. Thus, banks with a calendar year fiscal year that did not early adopt FAS 157 must adopt this accounting standard for all financial assets and financial liabilities and for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value on a recurring basis as of January 1, 2008, and for all other nonfinancial assets and nonfinancial liabilities as of January 1, 2009.

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Schedule RC-Q – Financial Assets and Liabilities Measured at Fair Value (cont.)

Column Instructions

Column A, Total Fair Value Reported on Schedule RC

For items 1, 2.a, 3, 4, 6, and 7, include in Column A the total fair value of those assets and liabilities reported on Schedule RC, Balance Sheet, that the bank has elected to report at fair value under a fair value option. For items 2 and 5, include in Column A the total amount of trading assets and trading liabilities, including items accounted for under a fair value option that are designated as trading, reported in Schedule RC, item 5 and item 15, respectively.

Columns B through E, Fair Value Measurements and Netting Adjustments

For items reported in Column A, report in Columns C, D, and E the fair value amounts which fall in their entirety in Levels 1, 2, and 3, respectively. The level in the fair value hierarchy within which a fair value measurement in its entirety falls should be determined based on the lowest level input that is significant to the fair value measurement in its entirety. Thus, for example, if the fair value of an asset or liability has elements of both Level 2 and Level 3 measurement inputs, report the entire fair value of the asset or liability in Column D or Column E based on the lowest level measurement input with the most significance to the fair value of the asset or liability in its entirety as described in FAS 157. For assets and liabilities that the bank has netted under legally enforceable master netting agreements in accordance with FASB Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts," or FASB Interpretation No. 41, "Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements," report the gross amounts in Columns C, D, and E and the related netting adjustment in Column B. For more information on Level 1, 2, and 3 measurement inputs, see the Glossary entry for "fair value."

Item Instructions

For each item in Schedule RC-Q, the sum of columns C, D, and E less column B must equal column A.

Item No. **Caption and Instructions**

- 1** **Loans and leases.** Report in the appropriate column the total fair value of those loans reported in Schedule RC-C that the bank has elected to report under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Loans held for sale that the bank has elected to report under the fair value option are included in Schedule RC-C and Schedule RC, item 4.a. Loans held for investment that the bank has elected to report under the fair value option are included in Schedule RC-C and Schedule RC, item 4.b. Leases are generally not eligible for the fair value option. Exclude loans held for sale that are reported at the lower of cost or fair value in Schedule RC, item 4.a, and loans that have been reported as trading assets in Schedule RC, item 5.

- 2** **Trading assets.** Report in the appropriate column the total fair value of trading assets as reported in Schedule RC, item 5; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs, including loans that have been reported as trading; and any netting adjustments.

- 2.a** **Nontrading securities at fair value with changes in fair value reported in current earnings.** Report in the appropriate column the total fair value of those securities the bank has elected to report under the fair value option that is included in Schedule RC-Q, item 2

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above; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs;

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Schedule RC-Q – Financial Assets and Liabilities Measured at Fair Value (cont.)

Item Instructions

2 and any netting adjustments. Securities that the bank has elected to report at fair value under
(cont.) the fair value option are reported as trading securities pursuant to FAS 159 even though management did not acquire the securities principally for the purpose of trading.

3 **All other financial assets and servicing assets.** Report in the appropriate column the total fair value of all other assets (except loan commitments reported in Schedule RC-Q, item 7 below) the bank has elected to report under the fair value option that is included in Schedule RC, Balance Sheet, and is not reported in Schedule RC-Q, items 1 and 2 above; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

Exclude assets required to be measured at fair value for which the fair value option would not be applicable, such as derivative assets held for purposes other than trading and interest-only strips receivable (not in the form of a security). Because these categories of assets are required to be reported at fair value on the balance sheet under applicable accounting standards, the fair value option cannot be applied to them.

4 **Deposits.** Report in the appropriate column the total fair value of those deposits the bank has elected to report under the fair value option that is included in Schedule RC, items 13.a and 13.b; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Deposits withdrawable on demand (e.g., demand and savings deposits in domestic offices) are generally not eligible for the fair value option.

5 **Trading liabilities.** Report in the appropriate column the total fair value of trading liabilities as reported in Schedule RC, item 15; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

6 **All other financial liabilities and servicing liabilities.** Report in the appropriate column the total fair value of all other liabilities (except loan commitments reported in Schedule RC-Q, item 7 below) the bank has elected to report under the fair value option that is included in Schedule RC, Balance Sheet, and is not reported in Schedule RC-Q, items 4 and 5 above; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

Exclude liabilities required to be measured at fair value for which the fair value option would not be applicable, such as derivative liabilities held for purposes other than trading. Because these liabilities are required to be reported at fair value on the balance sheet under applicable accounting standards, the fair value option cannot be applied to them.

7 **Loan commitments (not accounted for as derivatives).** Report in the appropriate column the total fair value of those unused loan commitments the bank has elected to report under the fair value option that is included in Schedule RC, Balance Sheet; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Exclude unused loan commitments that meet the definition of a derivative under GAAP. For purposes of this item, report the net fair value of unused loan commitments reported as assets and those reported as liabilities. If the net fair value is a liability, report it as a negative number.

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Schedule RC-R – Regulatory Capital

Item No. Caption and Instruction

52 **All other off-balance sheet liabilities.** Report in column A the notional amount of all other off-balance sheet liabilities reported in Schedule RC-L, item 9, that are covered by the risk based capital guidelines. Also include in column A the notional amount of written option contracts that act as financial guarantees, which have been reported as derivatives in Schedule RC-L, item 12, but are treated as direct credit substitutes rather than derivatives for risk-based capital purposes. Also include in column A the amount of those credit derivatives reported in Schedule RC-L, item 7, that – under the supervisory guidance issued by the bank’s primary federal supervisory authority – are covered by the risk-based capital standards, but have not been included in any of the preceding items in the Derivatives and Off-Balance Sheet Items section of Schedule RC-R. However, exclude from column A the amount of credit derivatives classified as trading that are subject to the market risk capital guidelines (report in Schedule RC-R, item 54) and credit derivatives purchased by the bank that are recognized as guarantees of an asset or off-balance sheet exposure under the risk based capital guidelines, i.e., credit derivatives on which the bank is the beneficiary (report the guaranteed asset or exposure in Schedule RC-R in the appropriate balance sheet or off-balance sheet category – e.g., item 39, “Loans and leases, net of unearned income” – and in the risk weight category applicable to the derivative counterparty – e.g., column D, 20 percent – rather than the risk weight category applicable to the obligor of the guaranteed asset). Also exclude from column A the notional amount of standby letters of credit issued by a Federal Home Loan Bank on behalf of the reporting bank that are reported in Schedule RC-L, item 9, because these letters of credit are not covered by the risk-based capital guidelines.

- *In column B*, report 100 percent of the notional amount reported in column A.
- *In column C--0% risk weight*, include the credit equivalent amount of liabilities to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the zero percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule RC-R, items 34 through 42, above.
- *In column D--20% risk weight*, include the credit equivalent amount of liabilities to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 20 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule RC-R, items 34 through 42, above.
- *In column E--50% risk weight*, include the credit equivalent amount of liabilities to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 50 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule RC-R, items 34 through 42, above.
- *In column F--100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through E.

54 **Derivative contracts.** Report in column B the credit equivalent amount of derivative contracts covered by the risk-based capital guidelines. Under these guidelines, the maximum risk weight to be applied to the credit equivalent amount of any derivative contract is 50 percent. Include credit derivative contracts held for trading purposes and subject to the market risk capital guidelines. However, exclude all other credit derivative contracts, which, if covered by the risk-based capital standards in accordance with the supervisory guidance

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Schedule RC-R – Regulatory Capital (cont.)

Item No. Caption and Instruction

54 issued by the bank's primary federal supervisory authority, should be reported in one of the
(cont.) preceding items in the Derivatives and Off-Balance Sheet Items section of Schedule RC-R.

The credit equivalent amount of a derivative contract is the sum of its current credit exposure (as reported in Schedule RC-R, Memorandum item 1) plus the potential future exposure over the remaining life of the derivative contract (regardless of its current credit exposure, if any). The current credit exposure of a derivative contract is (1) the fair value of the contract when that fair value is positive and (2) zero when the fair value of the contract is negative or zero. The potential future credit exposure of a contract, which is based on the type of contract and the contract's remaining maturity, is determined by multiplying the notional principal amount of the contract by the appropriate credit conversion factor from the following chart. The notional principal amounts of the reporting bank's derivatives that are subject to the risk-based capital requirements are reported in Schedule RC-R, Memorandum items 2.a through 2.g.(2).

<u>Remaining maturity</u>	<u>Interest rate contracts</u>	<u>Foreign exchange and gold contracts</u>	<u>Equity contracts</u>	<u>Precious metals contracts (except gold)</u>	<u>Other commodity contracts</u>
One year or less	0.0%	1.0%	6.0%	7.0%	10.0%
More than one year					
through five years	0.5%	5.0%	8.0%	7.0%	12.0%
More than five years	1.5%	7.5%	10.0%	8.0%	15.0%

Under the banking agencies' risk-based capital standards and for purposes of Schedule RC-R, the existence of a legally enforceable bilateral netting agreement between the reporting bank and a counterparty may be taken into consideration when determining both the current credit exposure and the potential future exposure of derivative contracts. For further information on the treatment of bilateral netting agreements covering derivative contracts, refer to the instructions for Schedule RC-R, Memorandum item 1, and the risk-based capital standards issued by the reporting bank's primary federal supervisory authority.

- *In column C-0% risk weight*, include the credit equivalent amount of derivative contracts with counterparties who meet, or that have guarantees or collateral that meets, the criteria for the zero percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule RC-R, items 34 through 42, above.
- *In column D-20% risk weight*, include the credit equivalent amount of derivative contracts with counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 20 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule RC-R, items 34 through 42, above.
- *In column E-50% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C and D.

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Schedule RC-S – Servicing, Securitization, and Asset Sale Activities

Memoranda

Item No. Caption and Instruction

- 2.d** **1-4 family residential mortgages serviced for others that are in process of foreclosure at quarter-end.** Report the total unpaid principal balance of loans secured by 1-4 family residential properties (as defined for Schedule RC-C, part I, item 1.c) serviced for others for which formal foreclosure proceedings to seize the real estate collateral have started and are ongoing as of quarter-end, regardless of the date the foreclosure procedure was initiated. Loans should be classified as in process of foreclosure according to the investor's or local requirements. Include loans where the servicing has been suspended in accordance with any of the investor's foreclosure requirements. If a loan is already in process of foreclosure and the mortgagor files a bankruptcy petition, the loan should continue to be reported as in process of foreclosure until the bankruptcy is resolved. Exclude loans where the foreclosure process has been completed to the extent that (a) the investor has acquired title to the real estate, an entitling certificate, title subject to redemption, or title awaiting transfer to the Federal Housing Administration or the Veterans Administration or (b) the bank reports the real estate as "Other real estate owned" in Schedule RC, item 7.

This item should include both closed-end and open-end 1-4 family residential mortgage loans that are in process of foreclosure. The closed-end 1-4 family residential mortgage loans serviced for others that are in process of foreclosure and reported in this item will have also been included in Schedule RC-S, Memorandum items 2.a and 2.b. The open-end 1-4 family residential mortgage loans serviced for others that are in process of foreclosure and reported in this item will also have been included in Schedule RC-S, Memorandum item 2.c, if the principal balance of such open-end mortgages and other financial assets serviced for others is more than \$10 million.

Glossary

Trading Account: Trading activities typically include (a) regularly underwriting or dealing in securities; interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts; other financial instruments; and other assets for resale, (b) acquiring or taking positions in such items principally for the purpose of selling in the near term or otherwise with the intent to resell in order to profit from short-term price movements, and (c) acquiring or taking positions in such items as an accommodation to customers or for other trading purposes.

Pursuant to FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities," all securities within the scope of FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities," that a bank has elected to report at fair value under a fair value option with changes in fair value reported in current earnings should be classified as trading securities. In addition, for purposes of these reports, banks may classify assets (other than securities within the scope of FASB Statement No. 115 for which a fair value option is elected) and liabilities as trading if the bank applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets and liabilities as trading positions, subject to the controls and applicable regulatory guidance related to trading activities. For example, a bank would generally not classify a loan to which it has applied the fair value option as a trading asset unless the bank holds the loan, which it manages as a trading position, for one of the following purposes: (1) for market making activities, including such activities as accumulating loans for sale or securitization; (2) to benefit from actual or expected price movements; or (3) to lock in arbitrage profits.

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Glossary (cont.)

Trading Account (cont.):

All trading assets should be segregated from a bank's other assets and reported in Schedule RC, item 5, "Trading assets." In addition, banks that reported average trading assets (Schedule RC-K, item 7) of \$2 million or more in any of the four preceding calendar quarters should detail the types of assets and liabilities in the trading account in Schedule RC-D, Trading Assets and Liabilities, and the levels within the fair value measurement hierarchy in which the trading assets and liabilities fall in Schedule RC-Q, Financial Assets and Liabilities Measured at Fair Value. A bank's failure to establish a separate account for assets that are used for trading purposes does not prevent such assets from being designated as trading for purposes of these reports. For further information, see FASB Statement No. 115.

All trading account assets should be reported at their fair value with unrealized gains and losses recognized in current income. When a security or other asset is acquired, a bank should determine whether it intends to hold the asset for trading or for investment (e.g., for securities, available-for-sale or held-to-maturity). A bank should not record a newly acquired asset in a suspense account and later determine whether it was acquired for trading or investment purposes. Regardless of how a bank categorizes a newly acquired asset, management should document its decision.

All trading liabilities should be segregated from other transactions and reported in Schedule RC, item 15, "Trading liabilities." The trading liability account includes the fair value of derivative contracts held for trading that are in loss positions and short positions arising from sales of securities and other assets that the bank does not own. (See the Glossary entry for "short position.") Trading account liabilities should be reported at fair value with unrealized gains and losses recognized in current income in a manner similar to trading account assets.

Given the nature of the trading account, transfers into or from the trading category should be rare. Transfers between a trading account and any other account of the bank must be recorded at fair value at the time of the transfer. For a security transferred from the trading category, the unrealized holding gain or loss at the date of the transfer will already have been recognized in earnings and should not be reversed. For a security transferred into the trading category, the unrealized holding gain or loss at the date of the transfer should be recognized in earnings.