

DRAFT

**Draft Instructions for the  
Proposed New and Revised FFIEC 002 Report Items  
for March 2011**

## Schedule RAL

\*\*\*\*\*

### Item 1(f) Trading assets.

Branches and agencies that (a) regularly underwrite or deal in securities; interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts; other financial instruments; and other assets for resale; (b) acquire or take 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; or (c) acquire or take positions in such items as an accommodation to customers or for other trading purposes shall report in items 1(f)(1) through 1(f)(4) the fair value of such assets or positions on the report date. Assets and other financial instruments held for trading shall be consistently valued at fair value. See the Glossary entry for “trading account” for further information.

Trading assets also include the amount of revaluation gains (i.e., assets) from the “marking to market” of derivative contracts held for trading purposes. Revaluation gains and losses (i.e., assets and liabilities) from the “marking to market” of the reporting branch or agency’s derivative contracts 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 agreement) may be reported on a net basis using this item and Schedule RAL, item 4(e), “Trading liabilities,” as appropriate. For further information, see the Glossary entry for “offsetting.”

Do *not* include in this item the carrying value of any securities that are available for sale or any loans or leases that are held for sale. Available-for-sale securities should be reported in Schedule RAL, item 1(b) or 1(c), and in Schedule RAL, Memorandum items 3 and 4. Loans and leases that are held for sale should be reported in Schedule RAL, item 1(e), and in Schedule C.

### Item 1(f)(1) U.S. Treasury and Agency securities.

Report the fair value of all U.S. Treasury securities and U.S. Government agency and corporation obligations held for trading by the reporting branch or agency. Exclude mortgage-backed securities.

### Item 1(f)(2) Mortgage-backed securities.

#### Item 1(f)(2)(a) Issued or guaranteed by U.S. Government agencies.

Report the fair value of all mortgage-backed securities (as defined in item 1.c.(2) above) issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) or guaranteed by the Government National Mortgage Association (GNMA) held for trading by the reporting branch or agency. Also include REMICs issued by the U.S. Department of Veterans Affairs (VA) held for trading by the reporting branch or agency.

## DRAFT

### **Item 1(f)(2)(b) Other.**

Report the fair value of all mortgage-backed securities (as defined in item 1.c.(2) above) issued by non-U.S.-government issuers (e.g., other depository institutions, insurance companies, and state and local housing authorities in the U.S.) held for trading by the reporting branch or agency.

### **Item 1(f)(3) Other asset-backed securities.**

Report the fair value of all other asset-backed securities (as defined in item 1.c.(3) above), including asset-backed commercial paper, held for trading by the reporting branch or agency. Include 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), home equity lines of credit (i.e., revolving, open-end lines of credit secured by 1-to-4 family residential properties), 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), other consumer loans (i.e., loans to individuals for household, family, and other personal expenditures), 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), and all other asset-backed securities collateralized by non-mortgage loans.

### **Item 1(f)(4) Other trading assets.**

Report the fair value of all other assets held for trading by the reporting branch or agency. Other trading assets include but are not limited to:

- (1) securities issued by states and political subdivisions in the U.S.
- (2) other bonds, notes, and debentures;
- (3) certificates of deposit;
- (4) commercial paper;
- (5) bankers acceptances;
- (6) loans; and
- (7) derivatives with a positive fair value.

## Schedule E

\*\*\*\*\*

Memoranda

### **Item M1 Components of total nontransaction accounts.**

The amounts to be reported in Memorandum items M1(a) through M1(c) below are included as components of total nontransaction accounts (excluding IBF) in item 7, column C above. (See the Glossary entry for “deposits” for a discussion of nontransaction accounts.)

*NOTE:* These amounts exclude amounts outstanding to the head office and related depository institutions (to be reported in Schedule M, as appropriate).

#### **Item M1(a) Time deposits of \$100,000 or more.**

Report in this item all time deposits included in item 7, column C, with outstanding balances of \$100,000 or more, regardless of negotiability or transferability. Include in this item time certificates of deposit and open-account time deposits with balances of \$100,000 or more. *Exclude* from this item all time deposits issued to deposit brokers in the form of large (\$100,000 or more) certificates of deposit that have been participated out by the broker in shares of less than \$100,000. (See the Glossary entry for “deposits” for the definition of time deposits.)

#### **Item M1(b) Individual Retirement Accounts (IRAs) and Keogh Plan accounts included in Memorandum item 1.a, “Total time deposits of \$100,000 or more,” above.**

Report in this item all IRA and Keogh Plan time deposits of \$100,000 or more included above in Schedule E, Memorandum item 1.a. IRAs include traditional IRAs, Roth IRAs, Simplified Employee Pension (SEP) IRAs, and SIMPLE IRAs.

Exclude deposits in “Section 457” deferred compensation plans and self-directed defined contribution plans, which are primarily 401(k) plan accounts. Also exclude deposits in Health Savings Accounts, Medical Savings Accounts, and Coverdell Education Savings Accounts (formerly known as Education IRAs).

#### **Item M1(c) Time deposits of \$100,000 or more with remaining maturity of more than 12 months included in Memorandum item 1.a, “Total time deposits of \$100,000 or more,” above.**

Enter the dollar amount outstanding of all time deposits included in item 7, column C, and in Memorandum item 1.a, above, regardless of negotiability or transferability, with outstanding balances of \$100,000 or more and with a *remaining* maturity of more than 12 months.

DRAFT

So called “roll-over” negotiable certificates of deposit should be reported according to the remaining maturity of the overall long-term deposit contract, or master contract, rather than that of the shorter-term certificates of deposit actually issued.

\*\*\*\*\*

## DRAFT

### **SCHEDULE Q – ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS**

#### **General Instructions**

Schedule Q is to be completed by branches and agencies that:

- (1) Reported total assets of \$500 million or more as of the preceding December 31; or
- (2) Reported total assets of less than \$500 million as of the preceding December 31 and either:
  - (a) Have elected to report financial instruments or servicing assets and liabilities at fair value under a fair value option with changes in fair value recognized in earnings, or
  - (b) Reported trading assets of \$2 million or more in any of the four preceding calendar quarters.

Report all assets and liabilities that are measured at fair value in the financial statements on a recurring basis (i.e., annually or more frequently).

#### **Column Instructions**

##### **Column A, Total Fair Value Reported on Schedule RAL**

Report in Column A the total fair value, as defined by FASB Statement No. 157, “Fair Value Measurements” (FAS 157), of those assets and liabilities reported in Column A on Schedule RAL, Assets and Liabilities, that the institution reports at fair value on a recurring basis.

##### **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 institution 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.”

## DRAFT

### **Item Instructions**

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

### **Item 1 Available-for-sale securities.**

Report in the appropriate column the total fair value of available-for-sale debt and equity securities as reported in Schedule RAL, memorandum item 3; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

### **Item 2 Federal funds sold and securities purchased under agreements to resell.**

Report in the appropriate column the total fair value of those federal funds sold and securities purchased under agreements to resell reported in Schedule RAL, items 1.d.(1) and 1.d.(2), that the institution 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.

### **Item 3 Loans and leases held for sale.**

Report in the appropriate column the total fair value of those loans held for sale reported in Schedule C, part I, that the institution 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 institution has elected to report under the fair value option are included in Schedule C, part I, and Schedule RAL, item 1.e. Exclude loans held for sale that are reported at the lower of cost or fair value in Schedule RAL, item 1.e, and loans that have been reported as trading assets in Schedule RAL, item 1.f. Leases are generally not eligible for the fair value option.

### **Item 4 Loans and leases held for investment.**

Report in the appropriate column the total fair value of those loans held for investment reported in Schedule C, part I, that the institution 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 investment that the institution has elected to report under the fair value option are included in Schedule C, part I, and Schedule RAL, item 1.e. Leases are generally not eligible for the fair value option.

### **Item 5 Trading assets:**

#### **Item 5.a Derivative assets.**

Report in the appropriate column the total fair value of derivative assets held for trading purposes as reported in Schedule RAL, item 1.f.(4); the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

## DRAFT

### **Item 5.b Other trading assets.**

Report in the appropriate column the total fair value of all trading assets, except for derivatives, as reported in Schedule RAL, item 1.f; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs, including the fair values of loans that have been reported as trading assets; and any netting adjustments.

### **Item 5.b.(1) 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 institution has elected to report under the fair value option that is included in Schedule Q, item 5.b above; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Securities that the institution has elected to report at fair value under the fair value option are reported as trading securities pursuant to FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities," even though management did not acquire the securities principally for the purpose of trading.

### **Item 6 All other assets.**

Report in the appropriate column the total fair value of all other assets that are required to be measured at fair value on a recurring basis or that the institution has elected to report under the fair value option that is included in Schedule RAL, Assets and Liabilities, and is not reported in Schedule Q, items 1 through 5 above; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Include derivative assets held for purposes other than trading, interest-only strips receivable (not in the form of a security) held for purposes other than trading, and other categories of assets required to be measured at fair value on the balance sheet on a recurring basis under applicable accounting standards.

### **Item 7 Total assets measured at fair value on a recurring basis.**

Report the sum of items 1 through 5.b plus item 6.

### **Item 8 Deposits.**

Report in the appropriate column the total fair value of those deposits and credit balances reported in Schedule RAL, item 4.a, that the institution 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. Deposits withdrawable on demand (e.g., demand and savings deposits) are generally not eligible for the fair value option.



## DRAFT

### **Item 9 Federal funds purchased and securities sold under agreements to repurchase.**

Report in the appropriate column the total fair value of those federal funds purchased and securities sold under agreements to repurchase reported in Schedule RAL, items 4.b.(1) and 4.b.(2), that the institution 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.

### **Item 10 Trading liabilities:**

#### **Item 10.a Derivative liabilities.**

Report in the appropriate column the total fair value of derivative liabilities held for trading purposes as reported in Schedule RAL, item 4.e; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

#### **Item 10.b Other trading liabilities.**

Report in the appropriate column the total fair value of trading liabilities, except for derivatives, as reported in Schedule RAL, item 4.e; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

### **Item 11 Other borrowed money.**

Report in the appropriate column the total fair value of those other borrowings reported in Schedule RAL, item 4.c, that the institution 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.

### **Item 12 Subordinated notes and debentures.**

Report in the appropriate column the total fair value of those subordinated notes and debentures (including mandatory convertible debt) reported in Schedule RA.; item 4.f, that the institution 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.

### **Item 13 All other liabilities.**

Report in the appropriate column the total fair value of all other liabilities that are required to be measured at fair value on a recurring basis or that the institution has elected to report under the fair value option that is included in Schedule RAL, Assets and Liabilities, and is not reported in Schedule Q, items 8 through 12 above; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Include derivative liabilities held for purposes other than trading and other categories of liabilities required to be measured at fair value on the balance sheet on a recurring basis under applicable accounting standards.

## DRAFT

### **Item 14 Total liabilities measured at fair value on a recurring basis.**

Report the sum of items 8 through 13.

#### **Memoranda**

##### **Item M1 All other assets.**

Disclose in Memorandum items M1.a through M1.f each component of all other assets, and the dollar amount of such component, that is greater than \$25,000 and exceeds 25 percent of the amount reported in Schedule Q, item 6, column A. For each component of all other assets that exceeds this disclosure threshold for which a preprinted caption has not been provided in Memorandum items M1.a and M1.b, describe the component with a clear but concise caption in Memorandum items M1.c through M1.f. These descriptions should not exceed 50 characters in length (including spacing between words).

Preprinted captions have been provided for the following categories of all other assets:

- Memorandum item M1.a, “Mortgage servicing assets,” and
- Memorandum item M1.b, “Nontrading derivative assets.”

##### **Item M2 All other liabilities.**

Disclose in Memorandum items M2.a through M2.f each component of all other liabilities, and the dollar amount of such component, that is greater than \$25,000 and exceeds 25 percent of the amount reported in Schedule Q, item 13, column A. For each component of all other liabilities that exceeds this disclosure threshold for which a preprinted caption has not been provided in Memorandum items M2.a and M2.b, describe the component with a clear but concise caption in Memorandum items M2.c through M2.f. These descriptions should not exceed 50 characters in length (including spacing between words).

Preprinted captions have been provided for the following categories of all other liabilities:

- Memorandum item M2.a, “Loan commitments (not accounted for as derivatives),” and
- Memorandum item M2.b, “Nontrading derivative liabilities.”