

Appendix B

Calculating Respondent Credit Exposures on a Correspondent Only Basis

Respondent Bank's Gross Credit Exposure to a Correspondent

50,000,000	Due from DDA with correspondent
0	Due from DDA with correspondent's two affiliated insured depository institutions (IDIs)
1,000,000	CDs issued by correspondent bank
0	CDs issued by one of correspondent's two affiliated IDIs
51,500,000	Federal funds sold to correspondent on a principal basis
0	Federal funds sold to correspondent's affiliated IDIs on a principal basis
3,750,000	Reverse Repurchase agreements
250,000	Net current credit exposure on derivatives ¹
4,500,000	Direct and indirect loans to or for benefit of a correspondent, its holding company, or affiliates
<u>2,500,000</u>	<u>Investments in the correspondent, its holding company, or affiliates</u>
113,500,000	<u>Gross Credit Exposure</u>
100,000,000	Total Capital
114%	<u>Gross Credit Concentration</u>

Respondent Bank's Net Credit Exposure to a Correspondent

17,850,000	Due from DDA (less checks/cash not available for withdrawal & federal deposit insurance (FDI)) ²
0	Due from DDA with correspondent's two affiliated IDIs (less FDI) ²
750,000	CDs issued by correspondent bank (less FDI)
0	CDs issued by one of correspondent's two affiliated IDIs (less FDI)
51,500,000	Federal funds sold on a principal basis
0	Federal funds sold to correspondent's affiliated IDIs on a principal basis
100,000	Under-collateralized amount on reverse repurchase agreements (less the current market value of government securities or readily marketable collateral pledged) ³
50,000	Uncollateralized net current derivative position ¹
4,500,000	Direct and indirect loans to or for benefit of a correspondent, its holding company, or affiliates
<u>2,500,000</u>	<u>Investments in the correspondent, its holding company, or affiliates</u>
77,250,000	<u>Net Credit Exposure</u>
100,000,000	Total Capital
77%	<u>Net Credit Concentration</u>

NOTE: Respondent Bank has \$1 billion in Total Assets, 10% Total Capital, and 90% Total Liabilities and Correspondent Bank has \$1.5 billion in Total Assets, 10% Total Capital, and 90% Total Liabilities

Calculating Correspondent Funding Exposures on a Correspondent Only Basis

*Correspondent Bank's **Gross Funding Exposure** to a Respondent*

50,000,000 Due to DDA with respondent
 0 Correspondent's two affiliated IDIs' Due to DDA with respondent
1,000,000 CDs sold to respondent bank
 0 CDs sold to respondent from one of correspondent's two affiliated IDIs
51,500,000 Federal funds purchased from respondent on a principal basis
 0 Federal funds sold to correspondent's affiliated IDIs on a principal basis
1,000,000 Repurchase agreements
103,500,000 Gross Funding Exposure
1,350,000,000 Total Liabilities
7.67% Gross Funding Concentration

*Correspondent Bank's **Net Funding Exposure** to a Respondent*

17,850,000 Due to DDA with respondent (less checks and cash not available for withdrawal and FDI)²
 0 Correspondent's two affiliated IDIs' Due to DDA with respondent (less FDI)²
750,000 CDs sold to correspondent (less FDI)
 0 One of correspondent's two affiliated IDIs' CDs sold to respondent (less FDI)²
51,500,000 Federal funds purchased from respondent on a principal basis
 0 Federal funds sold to correspondent's affiliated IDIs on a principal basis
100,000 Under-collateralized amount on repurchase agreements (less the current market value of
 government securities or readily marketable collateral pledged)³
70,200,000 Net Funding Exposure
1,350,000,000 Total Liabilities
5.20% Net Funding Concentration

¹ There are 5 derivative contracts with a mark-to-market fair value position as follows: Contract 1 (100), Contract 2 +400, Contract 3 (50), Contract 4 +150, and Contract 5 (150). Collateral is 200, resulting in an uncollateralized position of 50.

² While temporary deposit insurance programs may provide certain transaction accounts higher levels of federal deposit insurance coverage, institutions should not rely on such programs for mitigating concentration risk.

³ Government securities means obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. government or any department, agency, bureau, board, commission, or establishment of the United States, or any corporation wholly owned, directly or indirectly, by the United States.