

CALL REPORT

INSTRUCTION BOOK UPDATE

JUNE 2006

FILING INSTRUCTIONS

NOTE: The pages listed in the column below headed “Remove Pages” are no longer needed in the *Instructions for Preparation of Reports of Condition and Income* and should be removed and discarded. The pages listed in the column headed “Insert Pages” are included in this instruction book update and should be filed promptly in your instruction book.

Remove Pages

RC-E-9 – RC-E-10 (6-03)
RC-O-5 – RC-O-6 (3-01)
RC-O-9 – RC-O-11 (3-06)
A-8a – A-10 (3-04 and 6-01)

Insert Pages

RC-E-9 – RC-E-10a (6-06)
RC-O-5 – RC-O-6 (6-06)
RC-O-9 – RC-O-13 (6-06)
A-8a – A-10 (6-06)

Item No. Caption and Instructions

- 4** Exclude from this item deposits of the following depository institutions:
- (1) Banks in foreign countries (report in Schedule RC-E, item 5, below). (See the Glossary entry for "banks, U.S. and foreign" for the definition of this term.)
 - (2) On the FFIEC 031, IBFs (report in part II of Schedule RC-E).
- 5** **Deposits of banks in foreign countries.** Report in the appropriate column all deposits of banks located in foreign countries.
- Banks in foreign countries cover:
- (1) foreign-domiciled branches of other U.S. banks; and
 - (2) foreign-domiciled branches of foreign banks.
- See the Glossary entry for "banks, U.S. and foreign" for further discussion of these terms.
- Exclude from this item deposits of foreign official institutions and foreign central banks (to be reported in Schedule RC-E, item 6 below) and deposits of U.S. branches and agencies of foreign banks and New York State investment companies (to be reported in Schedule RC-E, item 4 above).
- For the appropriate treatment of deposits of depository institutions for which the reporting bank is serving as a pass-through agent for federal required reserves, see the Glossary entry for "pass-through reserve balances."
- 6** **Deposits of foreign governments and official institutions.** Report in the appropriate column all deposits of foreign governments and official institutions. (See the Glossary entry for "foreign governments and official institutions" for the definition of this term.)
- Exclude from this item deposits of:
- (1) U.S. branches and agencies of foreign official banking institutions (report in Schedule RC-E, item 4, above).
 - (2) Nationalized banks and other banking institutions that are owned by foreign governments and that do not function as central banks, banks of issue, or development banks (report in Schedule RC-E, item 5, above).
 - (3) Foreign government-owned nonbank commercial and industrial enterprises (report in Schedule RC-E, item 1, above).
- 7** **Total.** Report in column B the total of all demand deposits. Report in columns A and C the sum of items 1 through 6. The sum of columns A and C of this item must equal Schedule RC, item 13.a, "Deposits in domestic offices."

Memoranda**Item No. Caption and Instructions**

1 **Selected components of total deposits.** The amounts to be reported in Memorandum items 1.a through 1.e below are included as components of total deposits (in domestic offices) (Schedule RC-E, sum of item 7, columns A and C).

1.a **Total Individual Retirement Accounts (IRAs) and Keogh Plan accounts.** Report in this Memorandum item the total of all IRA and Keogh Plan deposits included in total deposits (in domestic offices) (Schedule RC-E, sum of item 7, columns A and C). 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).

1.b **Total brokered deposits.** Report in this Memorandum item the total of all brokered deposits included in total deposits (in domestic offices) (Schedule RC-E, sum of item 7, columns A and C), regardless of size or type of deposit instrument. (See the Glossary entry for "brokered deposits" for the definition of this term.)

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. For brokered deposits that represent retirement deposit accounts (as defined in Schedule RC-O, Memorandum item 1) eligible for \$250,000 in deposit insurance coverage, report such brokered deposits in Schedule RC-E, Memorandum item 1.c.(1), only if they have been issued by the bank in denominations of less than \$100,000. Report such brokered deposits in Schedule RC-E, Memorandum item 1.c.(2), if they have been issued by the bank (a) in denominations of exactly \$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 \$250,000 or less.

1.c.(1) **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.

1.c.(2) **Issued either in denominations of \$100,000 or in denominations greater than \$100,000 and participated out by the broker in shares of \$100,000 or less.** Report in this item:

(1) those brokered deposits issued by the bank in denominations of exactly \$100,000; and

(2) those brokered deposits issued by the bank in denominations greater than \$100,000 that have been participated out by the broker in shares of \$100,000 or less.

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.

Memoranda**Item No. Caption and Instructions**

- 1.d** **Maturity data for brokered deposits.** Report in the appropriate subitem the indicated maturity data for brokered deposits (as defined in the Glossary entry for "brokered deposits").
- 1.d.(1)** **Brokered deposits issued in denominations of less than \$100,000 with a remaining maturity of one year or less.** Report in this item those brokered deposits issued by the bank in denominations of less than \$100,000 with a remaining maturity of one year or less. Remaining maturity is the amount of time remaining from the report date until the final contractual maturity of a brokered deposit. The brokered deposits included in this item will have been reported in Schedule RC-E, Memorandum item 1.c.(1) above.
- 1.d.(2)** **Brokered deposits issued in denominations of \$100,000 or more with a remaining maturity of one year or less.** Report in this item those brokered deposits issued by the bank in denominations of \$100,000 or more with a remaining maturity of one year or less. Remaining maturity is the amount of time remaining from the report date until the final contractual maturity of a brokered deposit. The brokered deposits included in this item will have been reported in Schedule RC-E, Memorandum item 1.b above.

Item No. **Caption and Instructions**

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(cont.) must be recorded at their fair values. Because of changes in interest rates, the fair value of the acquired institution's time deposits may differ from the amount due to the depositors, causing the time deposits to be recorded at a premium or discount. Premiums or discounts on deposits may also arise in other situations, such as when a derivative contract has been used as a fair value hedge of time deposits and the gain or loss (that is, the change in fair value) on the hedged time deposits attributable to the hedged risk is recorded as an adjustment of the carrying amount of the time deposits.

Do not report core deposit intangibles in item 7.a or 7.b.

7.a **Unamortized premiums.** Report the amount of unamortized premiums (as defined above) included in the amounts at which time and savings deposits are reported in Schedule RC, item 13.

7.b **Unamortized discounts.** Report the amount of unamortized discounts (as defined above) included in the amounts at which time and savings deposits are reported in Schedule RC, item 13.

If the reporting bank has issued certificates of deposit at a discount and the amount actually due to the depositor as of the report date (before considering any early withdrawal penalty) equals the amount at which the certificate of deposit is reported in Schedule RC, item 13, the unamortized discount on the certificate of deposit should be excluded from this item.

8 Not applicable.

Item No. Caption and Instructions

- 9** **Deposits in lifeline accounts.** Report the amount of deposits in lifeline accounts (in domestic offices) for which the reporting bank seeks a reduced deposit insurance assessment rate. Lifeline accounts are transaction accounts which meet certain minimum requirements established by the Federal Reserve Board pursuant to Section 232 of the Federal Deposit Insurance Corporation Improvement Act of 1991.

NOTE: The minimum requirements for lifeline accounts will be established by the Federal Reserve Board. Banks will not be required to submit information on such accounts in this Schedule RC-O item until these requirements are established.

- 10** **Benefit-responsive "Depository Institution Investment Contracts."** Report the amount of liabilities arising under "investment contracts not treated as insured deposits" (as defined in Section 11(a)(8) of the Federal Deposit Insurance Act) that is included on the balance sheet, Schedule RC, in item 13.a, "Deposits in domestic offices."

For purposes of this item, "investment contracts not treated as insured deposits" are those in the form of deposits between the reporting insured depository institution and any "employee benefit plan" (as defined in Section 11(a)(8) of the Federal Deposit Insurance Act) which expressly permit "benefit-responsive withdrawals or transfers." A "Depository Institution Investment Contract" is generally a separately negotiated depository agreement between an employee benefit plan and an insured depository institution which guarantees a specified rate for all deposits made over a prescribed period.

"Benefit-responsive withdrawals or transfers" is defined by Section 11(a)(8) of the Federal Deposit Insurance Act to mean "any withdrawal or transfer of funds (consisting of any portion of the principal and any interest credited at a rate guaranteed by the insured depository institution investment contract) during the period in which any guaranteed rate is in effect, without substantial penalty or adjustment, to pay benefits provided by the employee benefit plan or to permit a plan participant or beneficiary to redirect the investment of his or her account balance."

- 11** **Adjustments to demand deposits in domestic offices (and in insured branches in Puerto Rico and U.S. territories and possessions) reported in Schedule RC-E for certain reciprocal demand balances.** Reciprocal balances arise when two depository institutions maintain deposit accounts with each other; that is, when a depository institution has both a due to and a due from balance with another depository institution. When reporting deposit liabilities in Schedule RC-E, reciprocal balances may be reported on a net basis when a right of setoff exists. However, the Federal Deposit Insurance Act (FDI Act) limits the extent to which reciprocal balances may be netted for deposit insurance and FICO assessment purposes. Thus, the reporting bank may have reported its reciprocal balances, if any, in Schedule RC-E differently than required for assessment purposes. The following three items capture these differences.

- 11.a** **Amount by which demand deposits would be reduced if the reporting bank's reciprocal demand balances with the domestic offices of U.S. banks and savings associations (and insured branches in Puerto Rico and U.S. territories and possessions) that were reported on a gross basis in Schedule RC-E had been reported on a net basis.** For assessment purposes under the FDI Act, reciprocal demand balances with the domestic offices of U.S. banks and savings associations (and insured branches in Puerto Rico and U.S. territories and possessions) are to be reported on a net basis. If the

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), 1.c.(1), 1.d.(1), and 1.d.(2) are to be completed each quarter. Memorandum items 1.a.(2) and 1.c.(2) are to be completed for the June report only. 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.

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

On the FFIEC 041 report, the sum of Memorandum items 1.a.(1), 1.b.(1), 1.c.(1), and 1.d.(1) must equal Schedule RC, item 13.a, "Deposits in domestic offices." On the FFIEC 031 report, the sum of Memorandum items 1.a.(1), 1.b.(1), 1.c.(1), and 1.d.(1) must equal the sum of Schedule RC, item 13.a, "Deposits in domestic offices," plus Schedule RC-O, items 5.a, "Demand deposits in insured branches" in Puerto Rico and U.S. territories and possessions, and 5.b, "Time and savings deposits in insured branches," in Puerto Rico and U.S. territories and possessions.

- 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.

Memoranda**Item No. Caption and Instruction**

- 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.
- 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.

Memoranda**Item No. Caption and Instruction**

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 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.

- (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.

Memoranda**Item No. Caption and Instruction**

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(cont.)
- (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 reported in Schedule RC-O, item 10, 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.
 - (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. 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.

Memoranda**Item No. Caption and Instruction**

- 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.

Banks, U.S. and Foreign (cont.):

The following table summarizes these contrasting categories of banks considered as customers as used in the Reports of Condition and Income ("X" indicates inclusion; no entry indicates exclusion.)

	<u>"U.S. banks"</u>	<u>"Commercial banks in the U.S."</u>	<u>"Foreign banks"</u>	<u>"Banks in foreign countries"</u>
U.S. branches of U.S. banks (including IBFs)	X	X		
Foreign branches of U.S. banks	X			X
Foreign branches of foreign banks			X	X
U.S. branches and agencies of foreign banks		X	X	

Commercial banks in the U.S. – The detailed institutional composition of "commercial banks in the U.S." includes:

- (1) the U.S.-domiciled head offices and branches of:
 - (a) national banks;
 - (b) state-chartered commercial banks;
 - (c) trust companies that perform a commercial banking business;
 - (d) industrial banks;
 - (e) private or unincorporated banks;
 - (f) International Banking Facilities (IBFs) of U.S. banks;
 - (g) Edge and Agreement corporations; and
- (2) the U.S.-domiciled branches and agencies of foreign banks (as defined below).

This coverage includes the U.S. institutions listed above that are owned by foreigners. Excluded from commercial banks in the U.S. are branches located in foreign countries of U.S. banks.

U.S. savings and loan associations and savings banks are treated as "other depository institutions in the U.S." for purposes of the Reports of Condition and Income.

U.S. branches and agencies of foreign banks – U.S. branches of foreign banks include any offices or places of business of foreign banks that are located in the United States at which deposits are accepted. U.S. agencies of foreign banks include any offices or places of business of foreign banks that are located in the United States at which credit balances are maintained incidental to or arising out of the exercise of banking powers but at which deposits may not be accepted from citizens or residents of the United States.

Banks, U.S. and Foreign (cont.):

For purposes of the Reports of Condition and Income, the term "U.S. branches and agencies of foreign banks" covers:

- (1) the U.S. branches and agencies of foreign banks;
- (2) the U.S. branches and agencies of foreign official banking institutions, including central banks, nationalized banks, and other banking institutions owned by foreign governments; and
- (3) investment companies that are chartered under Article XII of the New York State banking law and that are majority-owned by one or more foreign banks.

Banks in foreign countries –The institutional composition of "banks in foreign countries" includes:

- (1) the foreign-domiciled head offices and branches of:
 - (a) foreign commercial banks (including foreign-domiciled banking subsidiaries of U.S. banks and Edge and Agreement corporations);
 - (b) foreign savings banks or discount houses;
 - (c) nationalized banks not functioning either as central banks, as foreign development banks, or as banks of issue;
 - (d) other similar foreign institutions that accept short-term deposits; and
- (2) the foreign-domiciled branches of U.S. banks.

See also "International Banking Facility (IBF)."

Banks in Foreign Countries: See "banks, U.S. and foreign."

Bill-of-Lading Draft: See "commodity or bill-of-lading draft."

Borrowings and Deposits in Foreign Offices: Borrowings in foreign offices include assets rediscounted with central banks, certain participations sold in loans and securities, government fundings of loans, borrowings from the Export-Import Bank, and rediscounted trade acceptances. Federal funds sold and repurchase agreements in foreign offices should be reported in accordance with the Glossary entries for "federal funds transactions" and "repurchase/resale agreements." Liability accounts such as accruals and allocated capital shall not be reported as borrowings. Deposits consist of such other short-term and long-term liabilities issued or undertaken as a means of obtaining funds to be used in the banking business and include those liabilities generally characterized as placements and takings, call money, and deposit substitutes.

Brokered Deposits: Brokered deposits represent funds which the reporting bank obtains, directly or indirectly, by or through any deposit broker for deposit into one or more deposit accounts. Thus, brokered deposits include both those in which the entire beneficial interest in a given bank deposit account or instrument is held by a single depositor and those in which the deposit broker sells participations in a given bank deposit account or instrument to one or more investors.

Fully insured brokered deposits are brokered deposits that are issued in denominations of \$100,000 or less or that are issued in denominations greater than \$100,000 and participated out by the deposit broker in shares of \$100,000 or less. Fully insured brokered deposits also include 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 (a) are issued in denominations of more than \$100,000 through \$250,000 or (b) are shares of more than \$100,000 through \$250,000 participated out by the deposit broker in brokered deposits issued in denominations greater than \$100,000.

Brokered Deposits (cont.):

For purposes of these reports, the term deposit broker includes:

- (1) any person engaged in the business of placing deposits, or facilitating the placement of deposits, of third parties with insured depository institutions or the business of placing deposits with insured depository institutions for the purpose of selling interests in those deposits to third parties, and
- (2) an agent or trustee who establishes a deposit account to facilitate a business arrangement with an insured depository institution to use the proceeds of the account to fund a prearranged loan.

The term deposit broker does not include:

- (1) an insured depository institution, with respect to funds placed with that depository institution;
- (2) an employee of an insured depository institution, with respect to funds placed with the employing depository institution;
- (3) a trust department of an insured depository institution, if the trust in question has not been established for the primary purpose of placing funds with insured depository institutions;
- (4) the trustee of a pension or other employee benefit plan, with respect to funds of the plan;
- (5) a person acting as a plan administrator or an investment adviser in connection with a pension plan or other employee benefit plan provided that that person is performing managerial functions with respect to the plan;
- (6) the trustee of a testamentary account;
- (7) the trustee of an irrevocable trust (other than a trustee who establishes a deposit account to facilitate a business arrangement with an insured depository institution to use the proceeds of the account to fund a prearranged loan), as long as the trust in question has not been established for the primary purpose of placing funds with insured depository institutions;
- (8) a trustee or custodian of a pension or profit-sharing plan qualified under Section 401(d) or 430(a) of the Internal Revenue Code of 1986; or
- (9) an agent or nominee whose primary purpose is not the placement of funds with depository institutions. (For purposes of applying this ninth exclusion from the definition of deposit broker, "primary purpose" does not mean "primary activity," but should be construed as "primary intent.")

Notwithstanding these nine exclusions, the term deposit broker (as amended on September 23, 1994, by the Riegle Community Development and Regulatory Improvement Act of 1994) includes any insured depository institution that is not well capitalized (as defined in Section 38 of the Federal Deposit Insurance Act, Prompt Corrective Action), and any employee of such institution, which engages, directly or indirectly, in the solicitation of deposits by offering rates of interest which are significantly higher than the prevailing rates of interest on deposits offered by other insured depository institutions in such depository institution's normal market area.¹ For purposes of these reports, only those deposits accepted, renewed, or rolled over on or after June 16, 1992, in connection with this form of deposit solicitation are to be reported as brokered deposits. For further information, see Section 337.6(b) of the FDIC's Rules and Regulations.

¹ Any deposit accepted, renewed, or rolled over by a well capitalized institution before September 23, 1994, in connection with this form of deposit solicitation should continue to be reported as a brokered deposit as long as the deposit remains outstanding under the terms in effect before September 23, 1994. Notwithstanding the amendment to the "deposit broker" definition, all institutions that obtain deposits, directly or indirectly, by or through any other deposit broker must report such funds as brokered deposits in the Report of Condition.