

SCHEDULE RC-O – OTHER DATA FOR DEPOSIT INSURANCE AND FICO ASSESSMENTS

General Instructions

For an interim period covering the March 31, 2007, through December 31, 2007, report dates, each bank must complete either:

- (1) Items A and B (and, on the FFIEC 031 report, item C) on an unconsolidated basis and Memorandum items 1 through 3, which is the revised format of Schedule RC-O;
OR
- (2) Items 1 through 12 and Memorandum items 1 through 3, which is the current format of Schedule RC-O.

The revised format will take effect for all institutions on March 31, 2008, at which time the current format will be eliminated. Although the use of the revised format is not required for report dates in 2007, an institution that chooses to begin reporting under the revised format as of any quarter-end report date during the interim period may elect to report, on an unconsolidated basis, quarter-end total deposits and allowable exclusions only (in items A and B and, on the FFIEC 031 report, item C) or quarter-end balances and daily averages for the quarter (in items A, B, D, and E, and, on the FFIEC 031 report, items C and F). However, once an institution chooses to begin reporting quarter-end total deposits and allowable exclusions under the revised format in any quarter during the interim period, it must continue to report under the revised format of Schedule RC-O each quarter thereafter and may not revert back to the current format of Schedule RC-O. In addition, once an institution begins to report daily averages in any quarter during the interim period, it must continue to report daily averages each quarter thereafter, including in 2008 and subsequent years. 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.

Effective March 31, 2008, an institution that reported \$1 billion or more in total assets as of the March 31, 2007, report date (regardless of its asset size in subsequent quarters) must report quarter-end balances and daily averages for the quarter in the revised format of Schedule RC-O. In addition, an institution that meets one of the following criteria must report 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 beginning with its June 30, 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 begin to report 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 begin to report daily averages in its report for September 30, 2009.
- (2) If an institution becomes newly insured by the FDIC on or after April 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.

General Instructions (cont.)

Any institution that reports less than \$1 billion in total assets in its March 31, 2007, report or became FDIC-insured after March 31, 2007, but on or before March 31, 2008, 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 any time to begin reporting daily averages for purposes of determining its assessment base. After an institution 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 a newly insured institution 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.

For purposes of reporting using the current format of Schedule RC-O and deposit insurance assessments, "time and savings deposits" consists of all transaction accounts other than demand deposits – i.e., NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts – and all nontransaction accounts. However, for all other items in the Reports of Condition and Income involving time or savings deposits, a strict distinction, based on Federal Reserve Board Regulation D definitions, is to be maintained between transaction accounts and time and savings accounts.

Instructions for Revised Format of Schedule RC-O**Item No. Caption and Instructions**

- A 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 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. See the Glossary entry for "deposits" for the statutory definition of deposits.

An institution's gross total deposit liabilities is typically found in and supported by the control totals in the institution's deposit systems that provide the detail sufficient to track, control, and handle inquiries from depositors about their specific individual accounts. These deposit systems can be automated or manual. If the control totals have been reduced by accounts that are overdrawn, these overdrawn accounts are extensions of credit that must be treated and reported as "loans" rather than being treated as negative deposit balances.

- B Total allowable exclusions (including foreign deposits).** Report on an unconsolidated 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:

- (1) *Foreign Deposits:* As defined in Section 3(l)(5) of the Federal Deposit Insurance Act, foreign deposits include

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(cont.)

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

C Total foreign deposits (included in total allowable exclusions). Report on an unconsolidated 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 B above.

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- D** **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 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, see the instructions for Schedule RC-O, item A above.
- E** **Total daily average of allowable exclusions (including foreign deposits).** Report on an unconsolidated basis the total daily average for the quarter of the total amount of allowable exclusions from deposits (as defined in Schedule RC-O, item B, above) if the institution maintains such records as will readily permit verification of the correctness of its reporting of exclusions.
- F** **Total daily average of foreign deposits.** Report on an unconsolidated 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 E above.

Instructions for Current Format of Schedule RC-O

Item Instructions

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- 1** **Unposted debits.** Report the actual amount of cash items in the bank's possession, drawn on itself, that are immediately chargeable but that have not been charged to the general ledger deposit controlling account (for deposits in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) at the close of business on the report date. Report only those items the bank elects to take as deductions on the deposit insurance assessment form (Certified Statement). However, report all unposted debits in Schedule RC, item 1.a, "Noninterest-bearing balances and currency and coin," whether or not they are reported in this item.

Drafts or warrants that are "payable at" or "payable through" the reporting bank may be reported as unposted debits if allowed under applicable state statute or if a written authorization, on file at the bank, allows the bank, at its discretion, to charge such items to the demand deposit account of the drawee. Such drafts and warrants that have already been charged to the general ledger deposit controlling account at the close of business on the report date or that the drawee does not have sufficient funds on deposit to pay, shall not be reported as unposted debits.

Exclude cash items drawn on other banks, overdrafts, nonsufficient funds (NSF) items, and cash items that are returned unpaid to the last endorser for any reason (e.g., stop payment, missing endorsement, post or stale date, or account closed).

Complete either item 1.a or items 1.b.(1) and 1.b.(2).

- 1.a** **Actual amount of all unposted debits.** Report all unposted debits.

OR

- 1.b** **Separate amount of unposted debits:**

- 1.b.(1)** **Actual amount of unposted debits to demand deposits.** Report unposted debits to demand deposits.

- 1.b.(2)** **Actual amount of unposted debits to time and savings deposits.** Report unposted debits to time and savings accounts.

- 2** **Unposted credits.** Report the actual amount of unposted credits to deposit accounts (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions). Unposted credits are those deposits that the reporting bank had received but not posted to its general ledger deposit control account at the close of business on the report date which have not otherwise been reported as deposits (in domestic offices) in Schedule RC, item 13.a (or, for insured branches in Puerto Rico and U.S. territories and possessions, in Schedule RC, item 13.b).

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2 Unposted credits do not include any deposits that have been credited to the general ledger deposit control account as of the close of business on the report date (even if the deposits have not been posted to individual customer accounts). Rather, unposted credits are deposits carried in suspense or similar nondeposit accounts that, following a review of the items included in these accounts, have not been reclassified as deposits on the reporting bank's balance sheet (refer to the Glossary entry for "suspense accounts").

(cont.)

Complete either item 2.a or item 2.b.(1) and 2.b.(2).

2.a **Actual amount of all unposted credits.** Report all unposted credits.

OR

2.b **Separate amount of unposted credits:**

2.b.(1) **Actual amount of unposted credits to demand deposits.** Report unposted credits to demand deposits.

2.b.(2) **Actual amount of unposted credits to time and savings deposits.** Report unposted credits to time and savings accounts.

3 **Uninvested trust funds (cash) held in bank's own trust department (not included in total deposits in domestic offices).** Report all trust funds held in the bank's own U.S.-domiciled trust department that the bank keeps segregated and apart from its general assets and does not use in the conduct of its business. Include any trust overdrafts (net of disbursements in excess of principal and/or income cash in an individual trust account or accounts maintained in the same right and capacity) that reduce the bank's liability for deposits. The amount of such trust overdrafts may be reduced by the amount of any loan or advance (including any reserve for trust overdrafts) to the trust department that is included as a deposit in the Report of Condition.

Exclude trust funds received or held by the bank, whether held or deposited in any other department of the bank (report in Schedule RC-E, Deposit Liabilities). Also exclude trust funds deposited or held in any other bank or financial institution.

4 **Deposits of consolidated subsidiaries (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) (not included in total deposits).**

Report all deposits held in domestic offices of the reporting bank by its consolidated subsidiaries (including any consolidated bank or savings association subsidiaries) and the interest accrued and unpaid on such deposits. On the FFIEC 031, also report all deposits held by consolidated subsidiaries in insured branches in Puerto Rico and U.S. territories and possessions and the interest accrued and unpaid on such deposits. All deposits of and interest accrued and unpaid on deposits of subsidiaries consolidated in the Report of Condition should be eliminated from deposits reported in Schedule RC-E and other liabilities reported in Schedule RC-G, respectively.

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- 4.a** **Demand deposits of consolidated subsidiaries.** Report all demand deposits held by consolidated subsidiaries (including any consolidated bank or savings association subsidiaries) in domestic offices of the reporting bank and in the reporting bank's insured branches in Puerto Rico and U.S. territories and possessions.
- 4.b** **Time and savings deposits of consolidated subsidiaries.** Report all time and savings deposits held by consolidated subsidiaries (including any consolidated bank or savings association subsidiaries) in domestic offices of the reporting bank and in the reporting bank's insured branches in Puerto Rico and U.S. territories and possessions.
- 4.c** **Interest accrued and unpaid on deposits of consolidated subsidiaries.** Report the amount of interest on deposits of consolidated subsidiaries (including any consolidated bank or savings association subsidiaries) in domestic offices of the reporting bank and in the reporting bank's insured branches in Puerto Rico and U.S. territories and possessions that has been accrued through charges to expense during the current or prior periods, but not yet paid or credited to a deposit account. For savings banks, include in this item "dividends" accrued and unpaid on deposits of consolidated subsidiaries. The accrued interest to be reported in this item will have been eliminated in consolidation and is therefore not included in the amount reported for domestic offices in Schedule RC-G, item 1.a, "Interest accrued and unpaid on deposits (in domestic offices)," or for insured branches in Puerto Rico and U.S. territories and possessions in Schedule RC-G, item 1.b, "Other expenses accrued and unpaid."

NOTE: Items 5, 5.a, 5.b, and 5.c are not applicable to banks filing the FFIEC 041 report form.

- 5** **Deposits in insured branches in Puerto Rico and U.S. territories and possessions.** Report all deposits held in the reporting bank's insured branches in Puerto Rico and territories and U.S. possessions and all interest accrued and unpaid on such deposits (see the Glossary entry for "U.S. territories and possessions" for the definition of this term).
- 5.a** **Demand deposits in insured branches (included in Schedule RC-E, part II).** Report all demand deposits held in the reporting bank's insured branches in Puerto Rico and U.S. territories and possessions. The deposits to be reported in this item will also have been included in Schedule RC-E, part II, Deposits in Foreign Offices.
- 5.b** **Time and savings deposits in insured branches (included in Schedule RC-E, part II).** Report all time and savings deposits held in the reporting bank's insured branches in Puerto Rico and U.S. territories and possessions. The deposits to be reported in this item will also have been included in Schedule RC-E, part II, Deposits in Foreign Offices.
- 5.c** **Interest accrued and unpaid on deposits in insured branches (included in Schedule RC-G, item 1.b).** Report the amount of interest on deposits in insured branches in Puerto Rico and U.S. territories and possessions accrued through charges to expense during the current or prior periods, but not yet paid or credited to a deposit account. The accrued interest to be reported in this item will also have been included in Schedule RC-G, item 1.b, "Other expenses accrued and unpaid."

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- 6 Reserve balances actually passed through to the Federal Reserve by the reporting bank on behalf of its respondent depository institutions that are also reflected as deposit liabilities of the reporting bank.** If the reporting bank is the correspondent bank in a pass-through reserve balance relationship, report the amount of such reserve balances actually passed through to the Federal Reserve on behalf of respondent depository institutions that are also reflected as deposit liabilities of the reporting correspondent bank.

This item is not applicable to a bank that does not act as a correspondent bank in any pass-through reserve balance relationship. A state 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.

For further information, see the Glossary entry for "pass-through reserve balances."

- 6.a Amount reflected in demand deposits.** If the reporting bank is the correspondent bank in a pass-through reserve balance relationship, report the amount of reserve balances the reporting correspondent bank has actually passed through to the Federal Reserve on behalf of its respondent depository institutions that are also reflected as demand deposit liabilities of (the domestic offices of) the reporting bank. These deposit liabilities will have been included in the amount reported in Schedule RC-E, (part I on the FFIEC 031), item 4, column A, and in total demand deposits reported in Schedule RC-E, (part I on the FFIEC 031), item 7, column B.

If the reporting bank is not a correspondent bank in any pass-through reserve balance relationship, report a zero or the word "none."

- 6.b Amount reflected in time and savings deposits.** If the reporting bank is the correspondent bank in a pass-through reserve balance relationship, report the amount of reserve balances the reporting correspondent bank has actually passed through to the Federal Reserve on behalf of its respondent depository institutions that are also reflected as time or savings deposit liabilities of (the domestic offices of) the reporting bank. These deposit liabilities will have been included in the amount reported in Schedule RC-E, (part I on the FFIEC 031), item 4, column A or C, but not in total demand deposits reported in Schedule RC-E, (part I on the FFIEC 031), item 7, column B.

If the reporting bank is not a correspondent bank in any pass-through reserve balance relationship, report a zero or the word "none."

- 7 Unamortized premiums and discounts on time and savings deposits.** Report in the appropriate subitem the amount of unamortized premiums and discounts included in the amounts at which time and savings deposits (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) are reported in Schedule RC -- Balance Sheet, item 13, "Deposits."

For purposes of these reports, an unamortized premium or discount on a time or savings deposit is the difference between the amount actually due to the depositor and the carrying amount at which the deposit is reported on the Report of Condition balance sheet under applicable accounting and reporting standards. For example, in an acquisition of a depository institution accounted for as a purchase, the assets acquired and liabilities assumed generally

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7 must be recorded at their fair values. Because of changes in interest rates, the fair value
(cont.) 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.

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- 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)(5) 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)(5) 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)(5) 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

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11.a reporting bank reported any reciprocal demand balances with these domestic offices and insured branches on a gross basis in Schedule RC-E, report in this item the amount by which demand deposits would be reduced if these reciprocal demand balances had instead been reported on a net basis in Schedule RC-E, (part I,) item 7, column B, "Total" demand deposits. For each reciprocal demand balance relationship with one of these domestic offices or insured branches that was reported on a gross basis, the amount of this reduction is equal to the lesser of the demand balances "due from" or "due to" that domestic office or insured branch. Overdrawn balances cannot be included in this calculation.

11.b **Amount by which demand deposits would be increased if the reporting bank'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) that were reported on a net basis in Schedule RC-E had been reported on a gross basis.** For assessment purposes under the FDI Act, reciprocal demand balances between the reporting bank and foreign banks and foreign offices of other U.S. banks (other than insured branches in Puerto Rico and U.S. territories and possessions) are to be reported on a gross basis. If the reporting bank reported any reciprocal demand balances with these foreign banks and foreign offices on a net basis in Schedule RC-E, report in this item the amount by which demand deposits would be increased if these reciprocal demand balances had instead been reported on a gross basis in Schedule RC-E, (part I,) item 7, column B, "Total" demand deposits. For each reciprocal demand balance relationship with one of these foreign banks or foreign offices that was reported on a net basis, the amount of this increase is equal to the amount by which the gross "due to" demand balance for that bank or office was reduced before it was reported in Schedule RC-E, (part I,) item 7, column B, i.e., the lesser of the demand balances "due from" or "due to" that foreign bank or foreign office.

11.c **Amount by which demand deposits would be reduced if cash items in process of collection were included in the calculation of the reporting bank's net 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) in Schedule RC-E.** For purposes of the Report of Condition, balances due from other depository institutions reflect only those funds on deposit for which the reporting bank has already received credit and which are subject to immediate withdrawal. Therefore, "due from" balances and calculations of net reciprocal demand balances for purposes of Schedule RC-E exclude cash items in process of collection. However, for deposit insurance assessment purposes under the FDI Act, cash items in process of collection should be included in the net reciprocal calculation.

Report in this item the amount by which demand deposits would be reduced if cash items in process of collection were included in the calculation of net reciprocal demand balances between the reporting bank and the domestic offices of U.S. banks and savings associations (and insured branches in Puerto Rico and U.S. territories and possessions) in Schedule RC-E, (part I,) item 7, column B, "Total" demand deposits.

12 **Amount of assets netted against deposit liabilities (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) on the balance sheet (Schedule RC) in accordance with generally accepted accounting principles.** Under generally accepted accounting principles, banks are permitted to offset or net assets and liabilities when a right of setoff exists. However, under the Federal Deposit Insurance Act

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12 (cont.) (FDI Act), only certain specified assets may be netted against deposit liabilities for deposit insurance and FICO assessment purposes. Thus, the reporting bank may have reported its deposits on the balance sheet (Schedule RC) and in Schedule RC-E differently than required for assessment purposes. The following items capture these differences, but exclude information for assessment purposes on the netting of reciprocal demand balances which is covered in Schedule RC-O, item 11, above.

The following examples illustrate the amounts to be reported in items 12.a and 12.b:

Example: Bank A has a \$200,000 asset and a \$500,000 deposit liability for which a right of setoff exists under generally accepted accounting principles. Bank A nets the asset and liability on its balance sheet (Schedule RC) and reports a (net) \$300,000 deposit liability. Bank A should report \$200,000 in item 12.a or 12.b, depending on the type of deposit involved in the netting.

Example: Bank B has a \$400,000 asset and a \$250,000 deposit liability for which a right of setoff exists under generally accepted accounting principles. Bank B nets the asset and liability on its balance sheet (Schedule RC) and reports a (net) \$150,000 asset. Bank B should report \$250,000 in item 12.a or 12.b, depending on the type of deposit involved in the netting.

12.a **Amount of assets netted against demand deposits.** If the reporting bank has netted any assets and demand deposit liabilities (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) on the balance sheet (Schedule RC) and in Schedule RC-E in accordance with generally accepted accounting principles, report in this item the amount by which this netting reduced the bank's reported demand deposits. Exclude hypothecated demand deposits (see the Glossary entry for "hypothecated deposit" for the definition of this term). Also exclude reciprocal demand balances that have been reported on a net basis.

12.b **Amount of assets netted against time and savings deposits.** If the reporting bank has netted any assets and time and savings deposit liabilities (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) on the balance sheet (Schedule RC) and in Schedule RC-E in accordance with generally accepted accounting principles, report in this item the amount by which this netting reduced the bank's reported time and savings deposits. Exclude hypothecated time and savings deposits (see the Glossary entry for "hypothecated deposit" for the definition of this term).

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.

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 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.

Memoranda**Item No. Caption and Instruction**

- 1** (cont.) 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.
- 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.

Memoranda**Item No. Caption and Instruction**

- 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 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.

Memoranda**Item No. Caption and Instruction**

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(cont.)

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.

- (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.

Memoranda**Item No. Caption and Instruction**

- 2
(cont.)
- (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.

- 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.