

Draft Instructions
for Revised FFIEC 002 Schedule O –
Other Data for Deposit Insurance Assessments,
for June 2011

(May 20, 2011)

NOTE: These draft instructions apply to FFIEC 002 Schedule O – Other Data for Deposit Insurance Assessments, as it is proposed to be revised effective June 30, 2011. The proposal is described in the banking agencies' Federal Register notice published on March 16, 2011. The proposed FFIEC 002 revisions are subject to approval by the U.S. Office of Management and Budget.

Questions and comments concerning these draft instructions may be submitted to the FFIEC by going to <http://www.ffiec.gov/contact/default.aspx>, clicking on “FFIEC Content” toward the bottom of the Web page, and completing the Feedback Form.

SCHEDULE O – OTHER DATA FOR DEPOSIT INSURANCE ASSESSMENTS

General Instructions

This schedule is to be completed only by branches whose deposits are insured by the FDIC. Each FDIC-insured branch must complete items 1 through 6, Memorandum items 1 and 5, and, if applicable, Memorandum items 2 and 3 each quarter.

Item Instructions

Item 1 **Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations.**

Report 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 allowable exclusions from total deposits. An institution's gross total deposit liabilities are the combination of:

- All deposits and credit balances to nonrelated parties reported in Schedule RAL, item 4.a, column A;
- Interest accrued and unpaid on all deposits and credit balances to nonrelated parties included in Schedule RAL, item 4.f, column A;
- Deposits of majority-owned depository subsidiaries of the parent foreign bank and the interest accrued and unpaid on such deposits;
- The amount by which demand deposits reported in Schedule RAL, item 4.a, column A, have been reduced from the netting of the reporting branch's reciprocal demand balances with U.S. branches and agencies of foreign banks;
- The amount by which any other deposit liabilities reported in Schedule RAL, item 4.a, column A, have been reduced by assets netted against these liabilities in accordance with generally accepted accounting principles;
- Deposits in the insured branch to the credit of the branch's parent foreign bank or any of its offices, branches, agencies, or wholly owned subsidiaries; and
- Other obligations meeting the Section 13(l) statutory definition of a deposit that may be housed in systems of record not normally thought of as deposit systems, such as loan, payroll, and escrow systems and manual records that contain information needed to answer depositors' questions on their deposits.

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

If unposted debits and unposted credits are included in the gross total deposit liabilities reported in this item, they may be excluded in Schedule O, item 2 below.

Item 2 **Total allowable exclusions, including interest accrued and unpaid on allowable exclusions (including foreign deposits).**

Report the total amount of allowable exclusions from deposits as of the calendar quarter-end report date if the branch maintains such records as will readily permit verification of the correctness of its reporting of exclusions. Any accrued and unpaid interest on the allowable exclusions listed below should also be reported in this item as an allowable exclusion.

The allowable exclusions include:

- (1) Foreign Deposits: As defined in Section 3(l)(5) of the Federal Deposit Insurance Act, foreign deposits include
 - (A) any obligation of a depository institution which is carried on the books and records of an office of such bank or savings association located outside of any State, unless
 - (i) such obligation would be a deposit if it were carried on the books and records of the depository institution, and would be payable at, an office located in any State; and
 - (ii) the contract evidencing the obligation provides by express terms, and not by implication, for payment at an office of the depository institution located in any State; and
 - (B) any international banking facility deposit, including an international banking facility time deposit, as such term is from time to time defined by the 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 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.
- (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.

- (7) Deposits of the parent foreign bank: Deposits in the insured branch to the credit of the branch's parent foreign bank or any of its offices, branches, agencies, or wholly owned subsidiaries may be deducted from the assessment base of the insured branch pursuant to Section 347.208 of the FDIC's regulations.

Item 3 Total foreign deposits, including interest accrued and unpaid thereon (included in item 2 above).

Report the total amount of foreign deposits (including International Banking Facility deposits reported in Schedule RAL, item 4.a, column B) as of the calendar quarter-end report date included in Schedule O, item 2, above.

Item 4 Average consolidated total assets.

Report average consolidated total assets¹ for the calendar quarter.

Averaging methods – An institution that reported \$1 billion or more in quarter-end consolidated total assets in Schedule RAL, item 3, "Total assets," for March 31, 2011, must report average consolidated total assets in this item on a daily average basis. An institution that reported less than \$1 billion in quarter-end consolidated total assets in Schedule RAL, item 3, "Total assets," for March 31, 2011, may report average consolidated total assets in this item on a weekly average basis, or it may at any time opt permanently to report average consolidated total assets on a daily average basis. Once an institution that reports average consolidated total assets using a weekly average reports average consolidated total assets of \$1 billion or more in this item for two consecutive quarters, it must permanently report average consolidated total assets using daily averaging beginning the next quarter.

Daily average consolidated total assets should be calculated by adding the institution's consolidated total assets as of the close of business for each day of the calendar quarter and dividing by the number of days in the calendar quarter (the number of days in a quarter ranges from 90 days to 92 days). For days that an institution is closed (e.g., Saturdays, Sundays, or holidays), the amount from the previous business day would be used. An institution is considered closed if there are no transactions posted to the general ledger as of that date.

Weekly average consolidated total assets should be calculated by adding the institution's consolidated total assets as of the close of business on each Wednesday during the calendar quarter and dividing by the number of Wednesdays in the quarter.

Measuring consolidated total assets – For purposes of calculating the quarterly average to be reported in this item, consolidated total assets should be measured as defined for "Total assets" on Schedule RAL, item 3, except that this quarterly average should reflect all debt securities (not held for trading) at amortized cost and available-for-sale equity securities with readily determinable fair values at the lower of cost or fair value, and equity securities without readily determinable fair values at historical cost. In addition, to the extent that net deferred tax assets included in the institution's total assets, if any, include the deferred tax effects of any unrealized holding gains and losses on available-for-sale debt securities, these deferred tax effects may be excluded from the

¹ The scope of the FFIEC 002 report is for data on the entire operation of the branch or agency including any International Banking Facilities ("IBFs"). No consolidation of statements for multiple branches and agencies of a given foreign bank is permitted, except that a foreign bank may submit to the appropriate Federal Reserve Bank a request to consolidate reports for two or more offices, provided that (1) the offices are located in the same city or metropolitan area and are in the same state and Federal Reserve district, and (2) the consolidated report does not combine agencies with branches or insured branches with uninsured branches.

determination of the quarterly average for total assets. If these deferred tax effects are excluded, this treatment must be followed consistently over time.

Item 4.a **Averaging method used.**

Indicate the averaging method that the reporting institution used to report its average consolidated total assets in Schedule O, item 4, above. For daily averaging, enter the number "1"; for weekly averaging, enter the number "2."

Item 5 **Average tangible equity.**

Report average tangible equity for the calendar quarter. For purposes of this item, tangible equity is defined as eligible assets (determined in accordance with Section 347.210 of the FDIC's regulations and as reported in Schedule RAL, section "Statutory or Regulatory Requirement," item 3.b), less the book value of liabilities (exclusive of liabilities due to the foreign bank's head office, other branches, agencies, offices, or wholly owned subsidiaries).

Averaging methods – An institution that reported \$1 billion or more in quarter-end consolidated total assets in Schedule RAL, item 3, "Total assets," for March 31, 2011, must report average tangible equity on a monthly average basis. An institution that reported less than \$1 billion in quarter-end consolidated total assets in Schedule RAL, item 3, "Total assets," for March 31, 2011, may report its quarter-end tangible equity rather than an average amount, or it may at any time opt permanently to report average tangible equity on a monthly average basis. Once an institution that reports average consolidated total assets using a weekly average reports average consolidated total assets of \$1 billion or more in Schedule O, item 4, for two consecutive quarters, it must permanently report average tangible equity using monthly averaging beginning the next quarter.

Monthly average tangible equity should be calculated by adding tangible equity (as defined above) as of each month-end date during the calendar quarter and dividing by three. For example, monthly average tangible equity for June 30, 2011, would be the sum of tangible equity as of April 30, May 31, and June 30, 2011, divided by three.

Item 6 **Holdings of long-term unsecured debt issued by other FDIC-insured depository institutions.**

Report the amount reported on Schedule RAL of the reporting institution's holdings of long-term unsecured debt issued by other FDIC-insured depository institutions. Long-term unsecured debt includes senior unsecured debt, subordinated debt, and limited-life preferred stock with remaining maturity of at least one year that has been issued by another depository institution. Any debt for which the reporting institution has the option to redeem the debt within the next 12 months is not considered long-term and may be excluded from this item.

Exclude long-term unsecured debt issued by bank and thrift holding companies.