

**FFIEC 031 Draft Reporting Form and Instructions for Call Report
Revisions with Effective Dates Beginning with the June 30, 2021, Report Date**

The following draft reporting form and draft instructions, both of which are subject to change, present the pages from the FFIEC 031 Call Report as they are proposed to be revised, subject to final approval by the U.S. Office of Management and Budget (OMB). These proposed revisions are described in the federal banking agencies' initial Paperwork Reduction Act (PRA) *Federal Register* notices published in the *Federal Register* on December 18, 2020 (see [FIL-117-2020](#), dated December 30, 2020) and on February 5, 2021 (see [FIL-11-2021](#), dated February 23, 2021). As discussed in the agencies' final PRA *Federal Register* notice published in the *Federal Register* on May 24, 2021, the agencies are proceeding with the revisions to the FFIEC 031 Call Report, with certain modifications.

The initial and final PRA *Federal Register* notices are available on the FFIEC's webpage for the [FFIEC 031 Call Report](#).

Draft as of May 24, 2021

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The revisions on pages 4 to 16 are effective as of the June 30, 2021, report date, subject to final approval by the OMB.

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Schedule RC-O—Other Data for Deposit Insurance Assessments

All FDIC-insured depository institutions must complete items 1 through 9, 10, and 11, Memorandum item 1, and, if applicable, item 9.a, Memorandum items 2 through 4 and 5 6 through 18 each quarter. Unless otherwise indicated, complete items 1 through 11 and Memorandum items 1 through 4 on an "unconsolidated single FDIC certificate number basis" (see instructions) and complete Memorandum items 5 6-through 18 on a fully consolidated basis.

Dollar Amounts in Thousands		RCFD	Amount	
1. Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations		F236		1.
2. Total allowable exclusions, including interest accrued and unpaid on allowable exclusions (including foreign deposits).....		F237		2.
3. Total foreign deposits, including interest accrued and unpaid thereon (included in item 2 above)		RCFN		
		F234		3.
		RCFD		
4. Average consolidated total assets for the calendar quarter.....		K652		4.
a. Averaging method used		Number		
(for daily averaging, enter 1, for weekly averaging, enter 2).....	K653			4.a.
		Amount		
5. Average tangible equity for the calendar quarter ¹		K654		5.
6. Holdings of long-term unsecured debt issued by other FDIC-insured depository institutions		K655		6.
7. Unsecured "Other borrowings" with a remaining maturity of (sum of items 7.a through 7.d must be less than or equal to Schedule RC-M, items 5.b.(1)(a)-(d) minus item 10.b):				
a. One year or less		G465		7.a.
b. Over one year through three years		G466		7.b.
c. Over three years through five years		G467		7.c.
d. Over five years		G468		7.d.
8. Subordinated notes and debentures with a remaining maturity of (sum of items 8.a through 8.d must equal Schedule RC, item 19):				
a. One year or less		G469		8.a.
b. Over one year through three years		G470		8.b.
c. Over three years through five years		G471		8.c.
d. Over five years		G472		8.d.
		RCON		
9. Brokered reciprocal deposits (included in Schedule RC-E, Part I, Memorandum item 1.b)		G803		9.
<i>Item 9.a is to be completed on a fully consolidated basis by all institutions that own another insured depository institution.</i>				
a. Fully consolidated brokered reciprocal deposits.....		L190		9.a.
10. Banker's bank certification:				
Does the reporting institution meet both the statutory definition of a banker's bank and the business conduct test set forth in FDIC regulations?.....		RCFD	Yes No	
	K656			10.
<i>If the answer to item 10 is "YES," complete items 10.a and 10.b.</i>			Amount	
a. Banker's bank deduction		K657		10.a.
b. Banker's bank deduction limit		K658		10.b.
11. Custodial bank certification:				
Does the reporting institution meet the definition of a custodial bank set forth in FDIC regulations?			Yes No	
	K659			11.
<i>If the answer to item 11 is "YES," complete items 11.a and 11.b.²</i>			Amount	
a. Custodial bank deduction		K660		11.a.
b. Custodial bank deduction limit		K661		11.b.

1. See instructions for averaging methods. For deposit insurance assessment purposes, tangible equity is defined as Tier 1 capital as set forth in the banking agencies' regulatory capital standards and reported in Schedule RC-R, Part I, item 26, except as described in the instructions.
2. If the amount reported in item 11.b is zero, item 11.a may be left blank.

Schedule RC-O—Continued

Memoranda

Dollar Amounts in Thousands		RCON	Amount	
1. Total deposit liabilities of the bank, including related interest accrued and unpaid, less allowable exclusions, including related interest accrued and unpaid (sum of Memorandum items 1.a.(1), 1.b.(1), 1.c.(1), and 1.d.(1) must equal Schedule RC-O, item 1 less item 2):				
a. Deposit accounts (excluding retirement accounts) of \$250,000 or less: ¹				
(1) Amount of deposit accounts (excluding retirement accounts) of \$250,000 or less.....	F049			M.1.a.(1)
(2) Number of deposit accounts (excluding retirement accounts) of \$250,000 or less	F050	Number		M.1.a.(2)
b. Deposit accounts (excluding retirement accounts) of more than \$250,000: ¹				
(1) Amount of deposit accounts (excluding retirement accounts) of more than \$250,000	F051			M.1.b.(1)
(2) Number of deposit accounts (excluding retirement accounts) of more than \$250,000	F052	Number		M.1.b.(2)
c. Retirement deposit accounts of \$250,000 or less: ¹				
(1) Amount of retirement deposit accounts of \$250,000 or less	F045			M.1.c.(1)
(2) Number of retirement deposit accounts of \$250,000 or less.....	F046	Number		M.1.c.(2)
d. Retirement deposit accounts of more than \$250,000: ¹				
(1) Amount of retirement deposit accounts of more than \$250,000	F047			M.1.d.(1)
(2) Number of retirement deposit accounts of more than \$250,000	F048	Number		M.1.d.(2)
<i>Memorandum item 2 is to be completed by banks with \$1 billion or more in total assets.²</i>				
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, including related interest accrued and unpaid (see instructions) ³	5597			M.2.
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? If so, report the legal title and FDIC Certificate Number of the parent bank or parent savings association:				
TEXT A545	RCON	FDIC Cert. No.		M.3.
	A545			
	RCFN			
4. Dually payable deposits in the reporting institution's foreign branches	GW43			M.4.
5. Not applicable				

1. The dollar amounts used as the basis for reporting in Memorandum items 1.a through 1.d reflect the deposit insurance limits in effect on the report date.

2. For the \$1 billion asset-size test for report dates through December 31, 2021, an institution may use the lesser of the total assets reported in its Report of Condition as of December 31, 2019, or June 30, 2020.

3. Uninsured deposits should be estimated based on the deposit insurance limits set forth in Memorandum items 1.a through 1.d.

Schedule RC-O—Continued

Amounts reported in Memorandum items 6 through 9, 14, and 15 will not be made available to the public on an individual institution basis.

Memoranda—Continued

	Dollar Amounts in Thousands	RCFD	Amount	
<i>Memorandum items 5 6 through 12 are to be completed by "large institutions" and "highly complex institutions" as defined in FDIC regulations.</i>				
		XXXX		M.5.
6. Criticized and classified items:				
a. Special mention	K663			M.6.a.
b. Substandard	K664			M.6.b.
c. Doubtful	K665			M.6.c.
d. Loss	K666			M.6.d.
7. "Nontraditional 1–4 family residential mortgage loans" as defined for assessment purposes only in FDIC regulations:				
a. Nontraditional 1 –4 family residential mortgage loans	N025			M.7.a.
b. Securitizations of nontraditional 1 -4 family residential mortgage loans	N026			M.7.b.
8. "Higher-risk consumer loans" as defined for assessment purposes only in FDIC regulations:				
a. Higher-risk consumer loans	N027			M.8.a.
b. Securitizations of higher-risk consumer loans	N028			M.8.b.
9. "Higher-risk commercial and industrial loans and securities" as defined for assessment purposes only in FDIC regulations:				
a. Higher-risk commercial and industrial loans and securities	N029			M.9.a.
b. Securitizations of higher-risk commercial and industrial loans and securities	N030			M.9.b.
10. Commitments to fund construction, land development, and other land loans secured by real estate for the consolidated bank:				
a. Total unfunded commitments	K676			M.10.a.
b. Portion of unfunded commitments guaranteed or insured by the U.S. government (including the FDIC)	K677			M.10.b.
11. Amount of other real estate owned recoverable from the U.S. government under guarantee or insurance provisions (excluding FDIC loss-sharing agreements)	K669			M.11.
12. Nonbrokered time deposits of more than \$250,000 in domestic offices (included in Schedule RC-E, Part I, Memorandum item 2.d)	RCON			
	K678			M.12.
<i>Memorandum item 13.a is to be completed by "large institutions" and "highly complex institutions" as defined in FDIC regulations. Memorandum items 13.b through 13.h are to be completed by "large institutions" only.</i>				
13. Portion of funded loans and securities in domestic and foreign offices guaranteed or insured by the U.S. government (including FDIC loss-sharing agreements):		RCFD		
a. Construction, land development, and other land loans secured by real estate	N177			M.13.a.
b. Loans secured by multifamily residential and nonfarm nonresidential properties	N178			M.13.b.
c. Closed-end loans secured by first liens on 1–4 family residential properties	N179			M.13.c.
d. Closed-end loans secured by junior liens on 1–4 family residential properties and revolving, open-end loans secured by 1–4 family residential properties and extended under lines of credit	N180			M.13.d.
e. Commercial and industrial loans	N181			M.13.e.
f. Credit card loans to individuals for household, family, and other personal expenditures	N182			M.13.f.
g. All other loans to individuals for household, family, and other personal expenditures	N183			M.13.g.
h. Non-agency residential mortgage-backed securities	M963			M.13.h.
<i>Memorandum items 14 and 15 are to be completed by "highly complex institutions" as defined in FDIC regulations.</i>				
14. Amount of the institution's largest counterparty exposure	K673			M.14.
15. Total amount of the institution's 20 largest counterparty exposures	K674			M.15.

SCHEDULE RC-O – OTHER DATA FOR DEPOSIT INSURANCE ASSESSMENTS

General Instructions

Each FDIC-insured depository institution must complete items 1 and 2, 4 through 9, 10, and 11; Memorandum item 1; and, if applicable, items 3 and 9.a and Memorandum items 2 and 3 (and Memorandum item 4 on the FFIEC 031 report) each quarter. Each “large institution” and each “highly complex institution,” which generally are FDIC-insured depository institutions with \$10 billion or more in total assets, must complete Memorandum items 65 through 12, 13.a, 16, and 18 and, if applicable, Memorandum item 17 each quarter. In addition, each “large institution” must complete Memorandum items 13.b through 13.h and each “highly complex institution” must complete Memorandum items 14 and 15 each quarter. The terms “large institution” and “highly complex institution” are more fully described in the General Instructions preceding Memorandum item 65.

Each separately chartered depository institution that is insured by the FDIC has a unique FDIC certificate number. When one FDIC-insured institution owns another FDIC-insured institution as a subsidiary, the parent institution should complete items 1 through 11 (except item 9.a) and Memorandum items 1 through 3 (and Memorandum item 4 on the FFIEC 031 report) of Schedule RC-O by accounting for the insured institution subsidiary under the equity method of accounting instead of consolidating it, i.e., on an “unconsolidated single FDIC certificate number basis.” Thus, each FDIC-insured institution should report only its own amounts in items 1 through 11 (except item 9.a) and Memorandum items 1 through 3 (and Memorandum item 4 on the FFIEC 031 report) of Schedule RC-O under its own FDIC certificate number without eliminating the parent and subsidiary institutions’ intercompany balances. (However, an FDIC-insured institution that owns another FDIC-insured institution should complete item 9.a by consolidating its subsidiary institution.) In contrast, when an FDIC-insured institution has entities other than FDIC-insured institutions that must be consolidated for purposes of Schedule RC, Balance Sheet, the parent institution should complete items 1 through 11 and Memorandum items 1 through 3 (and Memorandum item 4 on the FFIEC 031 report) of Schedule RC-O on a consolidated basis with respect to these other entities.

“Large institutions” and “highly complex institutions,” including those that own another FDIC-insured institution as a subsidiary, should complete Memorandum items 65 through 18, as appropriate, on a fully consolidated basis.

Item Instructions

Item No. Caption and Instructions

- | | |
|---|--|
| 1 | <p><u>Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations.</u> Report on an unconsolidated single FDIC certificate number 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 allowable exclusions from total deposits. An institution’s gross total deposit liabilities are the combination of:</p> <ul style="list-style-type: none"> • All deposits in “domestic offices” reported in Schedule RC, item 13.a; • All deposits in “foreign offices” reported in Schedule RC, item 13.b, on the FFIEC 031 report; • Interest accrued and unpaid on deposits in “domestic offices” reported in Schedule RC-G, item 1.a; • Interest accrued and unpaid on deposits in “foreign offices” included in Schedule RC-G, item 1.b; • Uninvested trust funds held in the institution’s own trust department; • Deposits of consolidated subsidiaries (except any consolidated subsidiary that is an FDIC-insured institution) and the interest accrued and unpaid on such deposits; |
|---|--|

Memoranda**Item No. Caption and Instruction**

- 2**
(cont.) (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 \$250,000 insurance limit. 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?** If the reporting institution is owned by another bank or savings association and that parent bank or parent savings association is consolidating the reporting institution as part of the parent institution's Call Report for this report date, report the legal title and FDIC Certificate Number of the parent institution in this item.

NOTE: Memorandum item 4 is applicable only to banks filing the FFIEC 031 report form.

- 4** **Dually payable deposits in the reporting institution's foreign branches.** Report the amount of deposits included in Schedule RC, item 13.b, Deposits "In foreign offices, Edge and Agreement subsidiaries, and IBFs," that are carried on the books and records of an office of the reporting institution located outside of any state and payable at both that office and a branch of the reporting institution in any state. For purposes of this item, the term "state" is defined in Section 3(a)(3) of the Federal Deposit Insurance Act and means "any State of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands."

Exclude deposits held in Overseas Military Banking Facilities operated under Department of Defense regulations, 32 CFR Parts 230 and 231. Such facilities are not considered offices located outside any state of the United States. Deposits at Overseas Military Banking Facilities are to be reported in Schedule RC-E, Part I, as deposits in domestic offices.

- 5** ~~Not applicable.~~

General Instructions for Schedule RC-O. Memorandum items 65 through 18

Memorandum items 65 through 18 are applicable only to large institutions and/or highly complex institutions as defined below. Amounts reported in Memorandum items 6 through 9, 14, 15, and 18 will not be made available to the public on an individual institution basis. Large institutions and highly complex institutions should complete Memorandum items 65 through 18, as appropriate, on a fully consolidated basis. Thus, when a large institution or highly complex institution owns another FDIC-insured institution as a subsidiary, it should complete Memorandum items 65 through 18, as appropriate, on a fully consolidated basis.

According to [Section 327.8\(f\) of the FDIC's regulations](#), a large institution is an FDIC-insured bank or savings association that reported total assets of \$10 billion or more as of December 31, 2006, that does not meet the definition of a highly complex institution. After December 31, 2006, if a bank or savings association classified as a small institution in accordance with [Section 327.8\(e\) of the FDIC's regulations](#) reports total assets of \$10 billion or more for four consecutive quarters, the bank or savings association will be classified as a large institution beginning the following quarter. In the Consolidated Reports of Condition and Income, an FDIC-insured depository institution's total assets are reported in Schedule RC, item 12.

An institution that has a community bank leverage ratio (CBLR) framework election in effect as of the quarter-end report date, as reported in Schedule RC-R, Part I, item 31.a (and further described in the General Instructions for Schedule RC-R, Part I), shall be classified as a small institution for deposit insurance assessments, even if that institution otherwise would be classified as a large institution.¹

According to [Section 327.8\(g\) of the FDIC's regulations](#), a highly complex institution is an FDIC-insured bank or savings association (excluding a credit card bank²) that:

- (1) Has had \$50 billion or more in total assets for at least four consecutive quarters that either is controlled by a U.S. parent holding company that has had \$500 billion or more in total assets for four consecutive quarters, or is controlled by one or more intermediate U.S. parent holding companies that are controlled by a U.S. holding company that has had \$500 billion or more in total assets for four consecutive quarters; or
- (2) Is a processing bank or trust company that has had \$10 billion or more in total assets for at least four consecutive quarters. According to [Section 327.8\(s\) of the FDIC's regulations](#), a processing bank or trust company is "an institution whose last three years' non-lending interest income, fiduciary revenues, and investment banking fees, combined, exceed 50 percent of total revenues (and its last three years fiduciary revenues are non-zero), and whose total fiduciary assets total \$500 billion or more."

¹ An institution that has a CBLR framework election in effect as of the quarter-end report date that meets the definition of an established depository institution under [12 CFR 327.8\(k\)](#), generally one that has been federally insured for at least five years, will be assessed as an established small institution. An institution that has a CBLR framework election in effect as of the quarter-end report date that has been federally insured for less than five years will be assessed as a new small institution under [12 CFR 327.8\(w\)](#). An institution that has a CBLR framework election in effect as of the quarter-end report date with assets between \$5 and \$10 billion cannot request to be treated as a large institution for deposit insurance assessments under [12 CFR 327.16\(f\)](#).

² As defined in [Section 327.8\(t\) of the FDIC's regulations](#), a credit card bank is "a bank for which credit card receivables plus securitized receivables exceed 50 percent of assets plus securitized receivables."

Memoranda

General Instructions for Schedule RC-O. Memorandum items 65 through 18 (cont.)

If, after December 31, 2010, a bank or savings association classified as a highly complex institution falls below \$50 billion in total assets for four consecutive quarters, or its parent company or companies fall below \$500 billion in total assets for four consecutive quarters, or a processing bank or trust company falls below \$10 billion in total assets for four consecutive quarters, the FDIC will reclassify the bank or savings association as a large institution or a small institution, as appropriate,¹ beginning the quarter after the fourth consecutive quarter.

Amounts Guaranteed or Insured by the U.S. Government, its Agencies, or its Government-Sponsored Agencies – The instructions for Schedule RC-O, Memorandum items 6, 11, and 16 refer to amounts recoverable from, or guaranteed or insured by, the U.S. government, its agencies, or its government-sponsored agencies under guarantee or insurance provisions. Examples include guarantees or insurance (or reinsurance) provided by the Department of Veterans Affairs, the Federal Housing Administration, the Small Business Administration (SBA), the Department of Agriculture Rural Development Loan Program, and the Department of Education for individual loans as well as coverage provided by the FDIC under loss-sharing agreements. For loan securitizations and securities, examples include those guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac) as well as SBA Guaranteed Loan Pool Certificates and securities covered by FDIC loss-sharing agreements. However, if an institution holds securities backed by mortgages it has transferred to Fannie Mae or Freddie Mac with recourse or other transferor-provided credit enhancements, these securities should not be considered guaranteed to the extent of the institution's maximum contractual credit exposure arising from the credit enhancements.

Amounts Guaranteed or Insured by the U.S. Government – The instructions for Schedule RC-O, Memorandum items 7 through 10, 13, and 18 refer to the maximum amounts recoverable from the U.S. Government. Amounts recoverable from the U.S. government do *not* include amounts recoverable from government-sponsored agencies (also known as government-sponsored enterprises) including the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), the Federal Home Loan Banks, and the Farm Credit System.

¹ An institution that has a community bank leverage ratio (CBLR) framework election in effect as of the quarter-end report date, as reported in Schedule RC-R, Part I, item 31.a (and further described in the General Instructions for Schedule RC-R, Part I), shall be classified as a small institution, even if that institution otherwise would be classified as a large institution.

Memoranda

General Instructions for Schedule RC-O. Memorandum items 65 through 18 (cont.)

NOTE: Because certain information on coverage under FDIC loss-sharing agreements is reported elsewhere in the Consolidated Reports of Condition and Income, the treatment of FDIC loss-sharing agreements varies in Schedule RC-O, Memorandum items 6 through 9, 10.b, 11, 13, 16, and 18.

Higher-risk Securitizations – For purposes of Schedule RC-O, Memorandum items 7.b, 8.b, and 9.b, higher-risk securitizations are securitizations where more than 50 percent of the assets backing the securitization meet the criteria for “nontraditional 1-4 family residential mortgage loans,” “higher-risk consumer loans,” or “higher-risk commercial and industrial loans and securities” as those terms are defined in the instructions for Schedule RC-O, Memorandum items 7.a, 8.a, and 9.a, and in [Appendix C to Subpart A to Part 327 of the FDIC’s regulations](#).

Item No. Caption and Instructions

NOTE: Memorandum items 65 through 12 are to be completed on a fully consolidated basis by “large institutions” and “highly complex institutions.”

NOTE: Schedule RC-O, Memorandum item 5, is to be completed only by large and highly complex institutions that have adopted ASU 2016-13, which addresses the accounting for credit losses, and report having a current expected credit losses (CECL) transition election in effect as of the current report date in Schedule RC-R, Part I, item 2.a.

5 Applicable portion of the CECL transitional amount or modified CECL transitional amount that has been added to retained earnings for regulatory capital purposes as of the current report date and is attributable to loans and leases held for investment.

For an institution that has a 3-year CECL transition election in effect as of the current report date (i.e., an institution that entered a “1” in Schedule RC-R, Part I, item 2.a), report the applicable portion of the CECL transitional amount that has been added to retained earnings for regulatory capital purposes as of the current report date (as reported in Schedule RC-R, Part I, item 2) and is attributable to loans and leases held for investment (hereafter, loans and leases).

- As defined in section 301 of the regulatory capital rule,¹ the term “CECL transitional amount” means the difference, net of any deferred tax assets (DTAs), in the amount of an institution’s retained earnings as of the beginning of the fiscal year in which the institution adopts the current expected credit losses CECL methodology (CECL) from the amount of the institution’s retained earnings as of the closing of the fiscal year-end immediately prior to the institution’s adoption of CECL. Thus, the CECL transitional amount reflects the effect on retained earnings, net of any DTAs, of establishing allowances for credit losses in accordance with CECL on loans and leases, held-to-maturity debt securities, other financial assets measured at amortized cost, and off-balance sheet credit exposures as of the beginning of the fiscal year of adoption (e.g., January 1, 2020).
- The CECL transitional amount attributable to loans and leases is the CECL transitional amount that remains after excluding the adoption date effect on retained earnings, net of any DTAs, of establishing allowances for credit losses in accordance with CECL on held-to-maturity debt securities, other financial assets measured at amortized cost, and off-balance sheet credit exposures.

For a 3-year CECL electing institution, the applicable portion of the CECL transitional amount attributable to loans and leases is 75 percent of the institution’s CECL transitional amount

¹ See 12 CFR 3.301 (OCC); 12 CFR 217.301 (Board); and 12 CFR 324.301 (FDIC).

Memoranda**Item No. Caption and Instructions**

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(cont.) attributable to loans and leases during the first year of the transition period (as defined for the 3-year CECL transition provision in section 301 of the regulatory capital rule); 50 percent of its CECL transitional amount attributable to loans and leases during the second year of the transition period; and 25 percent of its CECL transitional amount attributable to loans and leases during the third year of the transition period.

For an institution that has a 5-year 2020 CECL transition election in effect as of the current report date (i.e., an institution that entered a “2” in Schedule RC-R, Part I, item 2.a), report the applicable portion of the modified CECL transitional amount that has been added to retained earnings for regulatory capital purposes reported as of the current report date (as reported in Schedule RC-R, Part I, item 2) and is attributable to loans and leases.

- As defined in section 2 of the regulatory capital rule,¹ the term “adjusted allowances for credit losses” (AACL) means, with respect to an institution that has adopted CECL, valuation allowances that have been established through a charge against earnings or retained earnings for expected credit losses on financial assets measured at amortized cost and a lessor’s net investment in leases that have been established to reduce the amortized cost basis of the assets to amounts expected to be collected as determined in accordance with U.S. generally accepted accounting principles (GAAP). The AACL includes allowances for expected credit losses on off-balance sheet credit exposures not accounted for as insurance as determined in accordance with GAAP. The AACL excludes “allocated transfer risk reserves” and allowances created that reflect credit losses on purchased credit deteriorated assets and available-for-sale debt securities.
- Consistent with the definition of the term “modified CECL transitional amount” in section 301 of the regulatory capital rule, the modified CECL transitional amount attributable to loans and leases is the CECL transitional amount attributable to loans and leases, as described above, plus:
 - o During the first two years of the transition period, the difference between the AACL on loans and leases as reported in the Call Report as of the current report date and the AACL on loans and leases as of the beginning of the fiscal year in which the institution adopts CECL, multiplied by 0.25; and
 - o During the last three years of the transition period, the difference between the AACL on loans and leases as reported in the Call Report at the end of the second year of the transition period and the AACL on loans and leases as of the beginning of the fiscal year in which the institution adopts CECL multiplied by 0.25.

For a 5-year CECL electing institution, the applicable portion of the modified CECL transitional amount attributable to loans and leases is 100 percent of the institution’s modified CECL transitional amount attributable to loans and leases during the first and second years of the transition period (as defined for the 5-year 2020 CECL transition provision in section 301 of the regulatory capital rule); 75 percent of its modified CECL transitional amount attributable to loans and leases during the third year of the transition period; 50 percent of its modified CECL transitional amount attributable to loans and leases during the fourth year of the transition period; and 25 percent of its modified CECL transitional amount attributable to loans and leases during the fifth year of the transition period.

For further information on the CECL transition provisions, see the “3-Year and 5-Year 2020 CECL Transition Provisions” section of the General Instructions for Schedule RC-R, Part I, and section 301 of the regulatory capital rule.

¹ See 12 CFR 3.2 (OCC); 12 CFR 217.2 (Board); and 12 CFR 324.2 (FDIC).

Memoranda**Item No. Caption and Instructions**

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(cont). To illustrate how an institution should calculate the applicable portion of the CECL transitional amount or modified CECL transitional amount that has been added to retained earnings for regulatory capital purposes as of the current report date and is attributable to loans and leases held for investment, consider the examples after the instructions to Schedule RC-O, Memorandum item 18.j.

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CECL Double-Count Examples for Schedule RC-O, Memorandum Item 5

Examples for the 3-year and the 5-year 2020 CECL Transition Provisions:

Assumptions for both examples:

- An institution with a calendar year fiscal year has a CECL effective date of January 1, 2020, and a 21 percent income tax rate.
- As of the closing of the fiscal year immediately prior to adopting CECL (i.e., December 31, 2019), the institution's Call Report reflected the following amounts:
 - Retained earnings: \$20 million;
 - ALLL: \$1,020,000; and
 - Allowance for credit losses on off-balance-sheet credit exposures: \$80,000.
- As of the beginning of the fiscal year in which the institution adopted CECL (i.e., January 1, 2020), the institution has \$1.4 million in allowances for credit losses (ACL), all of which qualify as the adjusted allowances for credit losses (AACL), as defined in the regulatory capital rules.
- The institution's \$1.4 million in ACL and AACL as of the beginning of the fiscal year in which it adopted CECL is comprised of the following:
 - \$1.25 million in the ACL on loans and leases;
 - \$100,000 in the ACL for off-balance-sheet credit exposures; and
 - \$50,000 in the ACL for held-to-maturity debt securities.
- The institution has no ACL for other financial assets measured at amortized cost as of the beginning of the fiscal year in which it adopted CECL.
- The institution recognizes the effect of the adoption of CECL as of January 1, 2020, by recording an increase in its ACL of \$300,000 (credit), with an offsetting increase in temporary difference deferred tax assets (DTAs) of \$63,000 (debit) and a reduction in beginning retained earnings of \$237,000 (debit). This \$237,000 reduction in beginning retained earnings is the CECL transitional amount, as defined in the regulatory capital rules.
- The dollar amounts in the examples have not been rounded for purposes of reporting in Schedule RC-O, Memorandum item 5.

Example for the 3-year CECL Transition Provision:

- The institution has elected to apply the 3-year CECL transition provision for regulatory capital purposes. The institution begins to report the applicable portion of its CECL transitional amount that has been added to retained earnings for regulatory capital purposes and is attributable to loans and leases in Schedule RC-O, Memorandum item 5, in year 2 of the 3-year transition period.
- The 3-year CECL electing institution's CECL transitional amount attributable to loans and leases is calculated by excluding from the CECL transitional amount of \$237,000, the amount that remains after excluding the adoption date effect on retained earnings, net of any DTAs, of establishing ACLs in accordance with CECL on credit exposures other than loans and leases.

<u>CECL transitional amount</u>	<u>\$237,000</u>
<u>Less change in retained earnings due to:</u>	
<u>ACL for off-balance-sheet credit exposures upon adopting CECL compared to immediately prior to adopting CECL (\$80,000 - \$100,000)</u>	<u>-\$20,000</u>
<u>Initial establishment of ACL for held-to-maturity debt securities upon adopting CECL</u>	<u>-\$50,000</u>
<u>Offsetting increase in retained earnings for deferred tax effect of ACL increases (\$20,000 + \$50,000)*(0.21)</u>	<u>+\$14,700</u>
<u>Total amount excluded from CECL transitional amount</u>	<u>-\$55,300</u>
<u>CECL transitional amount attributable to loans and leases and reported on Schedule RC-O, Memorandum item 5</u>	<u>\$181,700</u>

CECL Double-Count Examples for Schedule RC-O, Memorandum Item 5 (cont.)

- For each of the quarterly reporting periods in year 2 of the transition period (i.e., 2021), the amount by which the 3-year CECL electing institution increases retained earnings for regulatory capital purposes that is attributable to loans and leases is \$90,850 ($\$181,700 \times 50$ percent), which is the amount the institution would report in Schedule RC-O, Memorandum item 5, in year 2 of the transition period.
- For each of the quarterly reporting periods in year 3 of the transition period (i.e., 2022), the amount by which the 3-year CECL electing institution increases retained earnings for regulatory capital purposes that is attributable to loans and leases is \$45,425 ($\$181,700 \times 25$ percent), which is the amount the institution would report in Schedule RC-O, Memorandum item 5, in year 3, the final year of the transition period.

Example for the 5-year 2020 CECL Transition Provision:

- The institution has elected to apply the 5-year 2020 CECL transition provision for regulatory capital purposes. The institution begins to report the applicable portion of its modified CECL transitional amount that has been added to retained earnings for regulatory capital purposes and is attributable to loans and leases in Schedule RC-O, Memorandum item 5, in the sixth quarter of the 5-year transition period.
- The 5-year 2020 electing institution's AACL for loans and leases as of the beginning of the fiscal year in which it adopted CECL (i.e., January 1, 2020) is \$1.25 million and its CECL transitional amount attributable to loans and leases is \$181,700, which are the same as above under the application of the 3-year CECL transition provision.
- As of the end of the sixth quarter of the 5-year transition period (i.e., June 30, 2021), the 5-year 2020 CECL electing institution's ACL for loans and leases is \$1.55 million, all of which qualifies as the AACL for loans and leases.
 - The institution's modified CECL transitional amount attributable to loans and leases as of June 30, 2021, is \$256,700, which is its CECL transitional amount attributable to loans and leases of \$181,700 plus 25 percent of the \$300,000 difference between the institution's \$1.55 million AACL for loans and leases as of June 30, 2021, and its \$1.25 million AACL for loans and leases as of January 1, 2020.
 - During the first two years of the 5-year 2020 CECL electing institution's transition period, the applicable portion of the institution's modified CECL transitional amount that has been added to retained earnings for regulatory capital purposes and is attributable to loans and leases is 100 percent of its modified CECL transitional amount attributable to loans and leases. Accordingly, the institution would report \$256,700 in Schedule RC-O, Memorandum item 5, as of the June 30, 2021, report date.
- As of the end of the seventh quarter of the 5-year transition period (i.e., September 30, 2021), the 5-year 2020 CECL electing institution's ACL for loans and leases is \$1.59 million, all of which qualifies as the AACL for loans and leases.
 - The institution's modified CECL transitional amount attributable to loans and leases as of September 30, 2021, is \$266,700, which is its CECL transitional amount attributable to loans and leases of \$181,700 plus 25 percent of the \$340,000 difference between the institution's \$1.59 million AACL for loans and leases as of September 30, 2021, and its \$1.25 million AACL for loans and leases as of January 1, 2020.
 - During the first two years of the 5-year 2020 CECL electing institution's transition period, the applicable portion of the institution's modified CECL transitional amount that has been added to retained earnings for regulatory capital purposes and is attributable to loans and leases is 100 percent of its modified CECL transitional amount attributable to loans and leases. Accordingly, the institution would report \$266,700 in Schedule RC-O, Memorandum item 5, as of the September 30, 2021, report date.
- As of the end of the second year of the 5-year transition period (i.e., December 31, 2021), the 5-year 2020 CECL electing institution's ACL for loans and leases is \$1.5 million, all of which qualifies as the AACL for loans and leases.

CECL Double-Count Examples for Schedule RC-O, Memorandum Item 5 (cont.)

- The institution's modified CECL transitional amount attributable to loans and leases as of December 31, 2021, is \$244,200, which is its CECL transitional amount attributable to loans and leases of \$181,700 plus 25 percent of the \$250,000 difference between the institution's \$1.5 million AACL for loans and leases as of December 31, 2021, and its \$1.25 million AACL for loans and leases as of January 1, 2020.
- During the first two years of the 5-year 2020 CECL electing institution's transition period, the applicable portion of the institution's modified CECL transitional amount that has been added to retained earnings for regulatory capital purposes and is attributable to loans and leases is 100 percent of its modified CECL transitional amount attributable to loans and leases. Accordingly, the institution would report \$244,200 in Schedule RC-O, Memorandum item 5, as of the December 31, 2021, report date.
- During the last three years of the 5-year 2020 CECL electing institution's transition period, its modified CECL transitional amount attributable to loans and leases is fixed at \$244,200, which is its CECL transitional amount attributable to loans and leases of \$181,700 plus 25 percent of the \$250,000 difference between the institution's \$1.5 million AACL for loans and leases as of the end of the second year of the transition period (i.e., December 31, 2021) and its \$1.25 million AACL for loans and leases as of January 1, 2020.
 - During the third year of the transition period, i.e., 2022, the applicable portion of the institution's modified CECL transitional amount attributable to loans and leases is 75 percent of its modified CECL transitional amount attributable to loans and leases of \$244,200. Accordingly, the institution would report \$183,150 ($\$244,200 \times 75$ percent) in Schedule RC-O, Memorandum item 5, for the four quarterly report dates in 2022.
 - During the fourth year of the transition period, i.e., 2023, the applicable portion of the institution's modified CECL transitional amount attributable to loans and leases is 50 percent of its modified CECL transitional amount attributable to loans and leases of \$244,200. Accordingly, the institution would report \$122,100 ($\$244,200 \times 50$ percent) in Schedule RC-O, Memorandum item 5, for the four quarterly report dates in 2023.
 - During the fifth year of the transition period, i.e., 2024, the applicable portion of the institution's modified CECL transitional amount attributable to loans and leases is 25 percent of its modified CECL transitional amount attributable to loans and leases of \$244,200. Accordingly, the institution would report \$61,050 ($\$244,200 \times 25$ percent) in Schedule RC-O, Memorandum item 5, for the four quarterly report dates in 2024.

The revisions on pages 18 to 21 are effective as of the September 30, 2021, report date, subject to final approval from by the OMB.

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Schedule RC-E—Deposit Liabilities

Part I. Deposits in Domestic Offices

Dollar Amounts in Thousands	Transaction Accounts				Nontransaction Accounts		
	(Column A) Total Transaction Accounts (Including Total Demand Deposits)		(Column B) Memo: Total Demand Deposits ¹ (Included In Column A)		(Column C) Total Nontransaction Accounts (Including MMDAs)		
	RCON	Amount	RCON	Amount	RCON	Amount	
Deposits of:							
1. Individuals, partnerships, and corporations	B549				B550		1.
2. U.S. Government	2202				2520		2.
3. States and political subdivisions in the U.S.	2203				2530		3.
4. Commercial banks and other depository institutions in the U.S.	B551				B552		4.
5. Banks in foreign countries	2213				2236		5.
6. Foreign governments and official institutions (including foreign central banks)	2216				2377		6.
7. Total (sum of items 1 through 6) (sum of columns A and C must equal Schedule RC, item 13.a)	2215		2210		2385		7.

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Dollar Amounts in Thousands	RCON	Amount	
1. Selected components of total deposits (i.e., sum of item 7, columns A and C):			
a. Total Individual Retirement Accounts (IRAs) and Keogh Plan accounts	6835		M.1.a.
b. Total brokered deposits	2365		M.1.b.
c. Brokered deposits of \$250,000 or less (fully insured brokered deposits) ²	HK05		M.1.c.
d. Maturity data for brokered deposits:			
(1) Brokered deposits of \$250,000 or less with a remaining maturity of one year or less (included in Memorandum item 1.c above).....	HK06		M.1.d.(1)
(2) Not applicable			
(3) Brokered deposits of more than \$250,000 with a remaining maturity of one year or less (included in Memorandum item 1.b above)	K220		M.1.d.(3)
e. Preferred deposits (uninsured deposits of states and political subdivisions in the U.S. reported in item 3 above which are secured or collateralized as required under state law) (to be completed for the December report only)	5590		M.1.e.
f. Estimated amount of deposits obtained through the use of deposit listing services that are not brokered deposits	K223		M.1. f.
g. Total reciprocal deposits	JH83		M.1.g.

Insert A →

1. Includes interest-bearing and noninterest-bearing demand deposits.
2. The dollar amount used as the basis for reporting in Memorandum item 1.c reflects the deposit insurance limits in effect on the report date.
3. The \$100 billion asset-size test is based on the total assets reported on the June 30, 2020, Report of Condition.

INSERT A

Memorandum items 1.h.(1)(a), 1.h.(2)(a), 1.h.(3)(a), and 1.h.(4)(a) are to be completed by banks with \$100 billion or more in total assets³

Dollar Amounts in Thousands	RCON	Amount	
h. Sweep deposits:			
(1) Fully insured, affiliate sweep deposits.....	XXXX		M.1.h.(1)
(a) Fully insured, affiliate, retail sweep deposits.....	XXXX		M.1.h.(1)(a)
(2) Not fully insured, affiliate sweep deposits.....	XXXX		M.1.h.(2)
(a) Not fully insured, affiliate, retail sweep deposits.....	XXXX		M.1.h.(2)(a)
(3) Fully insured, non-affiliate sweep deposits.....	XXXX		M.1.h.(3)
(a) Fully insured, non-affiliate, retail sweep deposits.....	XXXX		M.1.h.(3)(a)
(4) Not fully insured, non-affiliate sweep deposits.....	XXXX		M.1.h.(4)
(a) Not fully insured, non-affiliate, retail sweep deposits.....	XXXX		M.1.h.(4)(a)
i. Total sweep deposits that are not brokered deposits.....	XXXX		M.1.i.

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Memoranda

Item No. Caption and Instructions

NOTE: On the FFIEC 031 report form, Memorandum items 1.h.(1)(a), 1.h.(2)(a), 1.h.(3)(a), and 1.h.(4)(a) are to be completed by institutions with \$100 billion or more in total assets. Memorandum items 1.h.(1)(a), 1.h.(2)(a), 1.h.(3)(a), and 1.h.(4)(a) are not applicable to banks filing the FFIEC 041 report form.

- 1.h Sweep deposits.** Report in the appropriate subitem the indicated sweep deposit data (as defined in the Glossary entry for “sweep deposits”).
- 1.h.(1) Fully insured, affiliate sweep deposits.** Report the amount of affiliate sweep deposits that are fully insured.
- 1.h.(1)(a) Fully insured, affiliate, retail sweep deposits.** Report the amount of affiliate, retail sweep deposits that are fully insured included in Memorandum item 1.h.(1) above.
- 1.h.(2) Not fully insured, affiliate sweep deposits.** Report the amount of affiliate sweep deposits for which less than the entire amount of the deposits is covered by deposit insurance.
- 1.h.(2)(a) Not fully insured, affiliate, retail sweep deposits.** Report the amount of affiliate, retail sweep deposits for which less than the entire amount of the deposits is covered by deposit insurance included in Memorandum item 1.h.(2) above.
- 1.h.(3) Fully insured, non-affiliate sweep deposits.** Report the amount of non-affiliate sweep deposits that are fully insured.
- 1.h.(3)(a) Fully insured, non-affiliate, retail sweep deposits.** Report the amount of non-affiliate, retail sweep deposits that are fully insured included in Memorandum item 1.h.(3) above.
- 1.h.(4) Not fully insured, non-affiliate sweep deposits.** Report the amount of non-affiliate sweep deposits for which less than the entire amount of the deposits is covered by deposit insurance.
- 1.h.(4)(a) Not fully insured, non-affiliate, retail sweep deposits.** Report the amount of non-affiliate, retail sweep deposits for which less than the entire amount of the deposits is covered by deposit insurance included in Memorandum item 1.h.(4).
- 1.i Total sweep deposits that are not brokered deposits.** Report the total amount of sweep deposits that are excluded from being reported as brokered deposits.

Sweep Deposits: “Sweep deposit” means a deposit held at the reporting institution by a customer or counterparty through a contractual feature that automatically transfers to the reporting institution from another regulated financial company at the close of each business day amounts under the agreement governing the account from which the amount is being transferred. (Note: This definition of a “sweep deposit” is distinctly separate from the existing “retail sweep arrangements” and “retail sweep programs” definitions in the “Reporting of Retail Sweep Arrangements Affecting Transaction and Nontransaction Accounts” section of the Glossary entry for “Deposits.”)

“Affiliate sweep deposit” means a sweep deposit that is deposited in accordance with a contract between a customer or counterparty and the reporting institution, a controlled subsidiary of the reporting institution, or a company that is a controlled subsidiary of the same top-tier company of which the reporting institution is a controlled subsidiary.

“Non-affiliate sweep deposit” means a sweep deposit that is deposited in accordance with a contract between a customer or counterparty and an entity that is not affiliated with the reporting institution.

“Affiliate retail sweep deposit” means a sweep deposit that is deposited in accordance with a contract between a “retail customer or counterparty” and the reporting institution, a controlled subsidiary of the reporting institution, or a company that is a controlled subsidiary of the same top-tier company of which the reporting institution is a controlled subsidiary.

“Non-affiliate retail sweep deposit” means a sweep deposit that is deposited in accordance with a contract between a “retail customer or counterparty” and an entity that is not affiliated with the reporting institution.

“Retail customer or counterparty” means a customer or counterparty that is:

- (1) An individual;
- (2) A business customer, but solely if and to the extent that:
 - (i) The reporting institution manages its transactions with the business customer, including deposits, unsecured funding, and credit facility and liquidity facility transactions, in the same way it manages its transactions with individuals;
 - (ii) Transactions with the business customer have liquidity risk characteristics that are similar to comparable transactions with individuals; and
 - (iii) The total aggregate funding raised from the business customer is less than \$1.5 million;or
- (3) A living or testamentary trust that:
 - (i) Is solely for the benefit of natural persons;
 - (ii) Does not have a corporate trustee; and
 - (iii) Terminates within 21 years and 10 months after the death of grantors or beneficiaries of the trust living on the effective date of the trust or within 25 years, if applicable under state law.

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The clarifications on pages 23 to 30 will be included in the June 30, 2021 Instruction Book updates.

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1.e
(cont.) not be covered by federal deposit insurance. Under state law in such states, the value of the securities a bank must pledge to the state is calculated annually, but represents only a percentage of the uninsured portion of its public deposits. Institutions participating in the state program may potentially be required to share in any loss to public depositors incurred in the failure of another participating institution. As long as the value of the securities pledged to the state exceeds the calculated requirement, all of the bank's uninsured public deposits are protected from loss under the operation of the state program if the bank fails and, therefore, all of the uninsured public deposits are considered "preferred deposits." For example, a bank participating in a state public deposits program has \$1,600,000 in public deposits under the program from four political subdivisions and \$700,000 of this amount is uninsured, given the currently applicable \$250,000 deposit insurance limit. The bank's most recent calculation indicates that it must pledge securities with a value of at least \$77,000 to the state in order to participate in the state program. The bank has pledged securities with an actual value of \$80,000. The bank should report the \$700,000 in uninsured public deposits as "preferred deposits."

1.f **Estimated amount of deposits obtained through the use of deposit listing services that are not brokered deposits.** Report in this Memorandum item the estimated amount of all nonbrokered deposits obtained through the use of deposit listing services 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.

The objective of this Memorandum item is not to capture all deposits obtained through the Internet, such as deposits that a bank receives because a person or entity has seen the rates the bank has posted on its own Web site or on a rate-advertising Web site that has picked up and posted the bank's rates on its site without the bank's authorization. Rather, the objective of this Memorandum item is to collect the estimated amount of deposits obtained as a result of action taken by the bank to have its deposit rates listed by a listing service, and the listing service is compensated for this listing either by the bank whose rates are being listed or by the persons or entities who view the listed rates. A bank should establish a reasonable and supportable estimation process for identifying listing service deposits that meet these reporting parameters and apply this process consistently over time. However, for those nonbrokered deposits acquired through the use of a deposit listing service that offers deposit tracking, the actual amount of listing service deposits, rather than an estimate, should be reported.

When a nonbrokered time deposit obtained through the use of a deposit listing service is renewed or rolled over at maturity, the time deposit should continue to be reported in this item as a listing service deposit if the reporting institution continues to have its time deposit rates listed by a listing service and the listing service is compensated for this listing as described above. In contrast, if the reporting institution no longer has its time deposit rates listed by a listing service when a nonbrokered listing service time deposit matures and is renewed or rolled over by the depositor, the time deposit would no longer need to be reported as a listing service deposit after the renewal or rollover. The reporting institution should continue to report nonbrokered listing service deposits other than time deposits in this item as long as the reporting institution continues to have its deposit rates for the same type of deposit (e.g., NOW account, money market deposit account) listed by a listing service and the listing service is compensated for this listing as described above.

If the reporting institution has merged with or acquired another institution that had obtained nonbrokered deposits through the use of deposit listing services, these deposits would

Memoranda**Item No. Caption and Instructions**

1.f continue to be regarded as listing service deposits after the merger or acquisition. In this
(cont.) situation, the reporting institution should determine whether it must continue to report these
deposits as listing service deposits after the merger or acquisition in accordance with the
guidance in the preceding paragraph.

Exclude from this item all brokered deposits reported in Schedule RC-E, Memorandum
item 1.b.

A deposit listing service is a company that compiles information about the interest rates
offered on deposits, such as certificates of deposit, by insured depository institutions. A
particular company could be a deposit listing service (compiling information about certificates
of deposits) as well as a deposit broker (facilitating the placement of certificates of deposits).
A deposit listing service is not a deposit broker if it does not meet all of the following four
criteria are met the “deposit broker” definition and notably the criteria under 12 CFR
337.6(a)(5)(iii) for when a person is considered “engaged in the business of facilitating the
placement of deposits”:

- (1) The listing service does not have legal authority, contractual or otherwise, to close the
account or move the third party’s funds to another insured depository institution; is not
involved in placing deposits. Any funds to be invested in deposit accounts are remitted
directly by the depositor to the insured depository institution and not, directly or indirectly,
by or through the listing service.
- (2) The listing service is not involved in negotiating or setting rates, fees, terms, or conditions
for the deposit account; or person or entity providing the listing service is compensated
solely by means of subscription fees (i.e., the fees paid by subscribers as payment for
their opportunity to see the rates gathered by the listing service) and/or listing fees (i.e.,
the fees paid by depository institutions as payment for their opportunity to list or “post”
their rates). The listing service does not require a depository institution to pay for other
services offered by the listing service or its affiliates as a condition precedent to being
listed.
- (3) The fees paid by depository institutions are flat fees: they are not calculated on the basis
of the number or dollar amount of deposits accepted by the depository institution as a
result of the listing or “posting” of the depository institution’s rates listing service is not
engaged in matchmaking activities as defined in 12 CFR 337.6(a)(5)(iii)(C)(1).
- (4) In exchange for these fees, the listing service performs no services except (A) the
gathering and transmission of information concerning the availability of deposits; and/or
(B) the transmission of messages between depositors and depository institutions
(including purchase orders and trade confirmations). In publishing or displaying
information about depository institutions, the listing service must not attempt to steer
funds toward particular institutions (except that the listing service may rank institutions
according to interest rates and also may exclude institutions that do not pay the listing
fee). Similarly, in any communications with depositors or potential depositors, the listing
service must not attempt to steer funds toward particular institutions.

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

For purposes of the Consolidated 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: As defined in [Section 337.6\(a\) of the FDIC's regulations](#), the term "brokered deposit" means "any deposit that is obtained, directly or indirectly, by or through any deposit broker." 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.

The meaning of the term "brokered deposit" depends on the meaning of the term "deposit broker." The term "deposit broker" is defined ~~broadly~~ in [Section 29\(g\) of the Federal Deposit Insurance Act](#) and [Section 337.6\(a\)\(5\) of the FDIC's regulations](#). ~~Under Section 337.6(a)(5), the term "deposit broker" and~~ means:

- ~~(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~~

Brokered Deposits (cont.):

Any person engaged in the business of placing deposits of third parties with insured depository institutions;

- Any person engaged in the business of facilitating the placement of deposits of third parties with insured depository institutions;
- Any person engaged in the business of placing deposits with insured depository institutions for the purpose of selling those deposits or interests in those deposits to third parties; and
- 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 FDIC's regulations under Section 337.6(a)(5) further provide that a person is:

- (1) "Engaged in the business of placing deposits" of third parties if that person receives third party funds and deposits those funds at more than one insured depository institution; and
- (2) "Engaged in the business of facilitating the placement of deposits" of third parties by, while engaged in business, with respect to deposits placed at more than one insured depository institution, engaging in one or more of the following activities:
 - The person has legal authority, contractual or otherwise, to close the account or move the third party's funds to another insured depository institution;
 - The person is involved in negotiating or setting rates, fees, terms, or conditions for the deposit account; or
 - The person engages in matchmaking activities, which occurs if the person proposes deposit allocations at, or between, more than one bank based upon both the particular deposit objectives of a specific depositor or depositor's agent, and the particular deposit objectives of specific banks, except in the case of deposits placed by a depositor's agent with a bank affiliated with the depositor's agent. A proposed deposit allocation is based on the particular objectives of:
 - i. A depositor or depositor's agent when the person has access to specific financial information of the depositor or depositor's agent and the proposed deposit allocation is based upon such information; and
 - ii. A bank when the person has access to the target deposit-balance objectives of specific banks and the proposed deposit allocation is based upon such information.

Brokered CDs that are placed by or through the assistance of third parties with insured depository institutions are brokered deposits.

Section 337.6(a)(5)(v)(I)(4) defines brokered CD as a deposit placement arrangement in which a master certificate of deposit is issued by an insured depository institution in the name of the third party that has organized the funding of the certificate of deposit, or in the name of a custodian or a sub-custodian of the third party, and the certificate is funded by individual investors through the third party, with each individual investor receiving an ownership interest in the certificate of deposit, or a similar deposit placement arrangement that the FDIC determines is arranged for a similar purpose.

Section 337.6(a)(5) of the FDIC's regulations further also provides that the definition of term "deposit broker" is subject to a list of exceptions. According to the list of exceptions, the following parties are not treated as a deposit broker does *not* include:

Brokered Deposits (cont.):

- (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 or other fiduciary relationship 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 [403\(a\) of the Internal Revenue Code of 1986](#);
- (9) an agent or nominee whose primary purpose is not the placement of funds with depository institutions;¹ or
- (10) an insured depository institution acting as an intermediary or agent of a U.S. government department or agency for a government sponsored minority or women-owned depository institution deposit program.

Section 337.6(a)(5) describes what it means to be “an agent or nominee whose primary purpose is not the placement of funds with depository institutions.” More specifically, the primary purpose exception applies when the primary purpose of the agent’s or nominee’s business relationship with its customers is not the placement of funds with depository institutions.

The following business relationships are designated as meeting the primary purpose exception, subject to applicable notice and reporting requirements set forth in Section 303.243(b)(3), with respect to a particular business line:

- Less than 25 percent of the total assets that the agent or nominee has under administration for its customers is placed at depository institutions;
- 100 percent of depositors’ funds that the agent or nominee places, or assists in placing, at depository institutions are placed into transactional accounts that do not pay any fees, interest, or other remuneration to the depositor;
- A property management firm places, or assists in placing, customer funds into deposit accounts for the primary purpose of providing property management services;
- The agent or nominee places, or assists in placing, customer funds into deposit accounts for the primary purpose of providing cross-border clearing services to its customers;
- The agent or nominee places, or assists in placing, customer funds into deposit accounts for the primary purpose of providing mortgage servicing;
- A title company places, or assists in placing, customer funds into deposit accounts for the primary purpose of facilitating real estate transactions;

Brokered Deposits (cont.):

- A qualified intermediary places, or assists in placing, customer funds into deposit accounts for the primary purpose of facilitating exchanges of properties under section 1031 of the Internal Revenue Code;
- A broker dealer or futures commission merchant places, or assists in placing, customer funds into deposit accounts in compliance with 17 CFR 240.15c3-3(e) or 17 CFR 1.20(a);
- The agent or nominee places, or assists in placing, customer funds into deposit accounts for the primary purpose of posting collateral for customers to secure credit-card loans;
- The agent or nominee places, or assists in placing, customer funds into deposit accounts for the primary purpose of paying for or reimbursing qualified medical expenses under section 223 of the Internal Revenue Code;
- The agent or nominee places, or assists in placing, customer funds into deposit accounts for the primary purpose of investing in qualified tuition programs under section 529 of the Internal Revenue Code;
- The agent or nominee places, or assists in placing, customer funds into deposit accounts to enable participation in the following tax-advantaged programs: individual retirement accounts under section 408(a) of the Internal Revenue Code, Simple individual retirement accounts under section 408(p) of the Internal Revenue Code, or Roth individual retirement accounts under section 408A of the Internal Revenue Code;
- A Federal, State, or local agency places, or assists in placing, customer funds into deposit accounts to deliver funds to the beneficiaries of government programs; and
- The agent or nominee places, or assists in placing, customer funds into deposit accounts pursuant to such other relationships as the FDIC specifically identifies as a designated business relationship that meets the primary purpose exception.

An agent or nominee that does not rely on a designated business exception described in this section must receive an approval under the application process in 12 CFR 303.243(b) in order to qualify for the primary purpose exception to the deposit broker definition.

Insured depository institutions that receive deposits through an entity that has a pending application for a primary purpose exception with the FDIC should report such deposits as brokered deposits if and until the FDIC approves such application.

~~Notwithstanding these ten exceptions, 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 any such institution, which engages, directly or indirectly, in the solicitation of deposits by offering rates of interest (with respect to such deposits) 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.² 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.~~

Brokered Deposits (cont.):

For further information on the solicitation and acceptance of brokered deposits by less than well capitalized insured depository institutions, see [Section 337.6\(b\) and 337.7\(g\) 6\(b\) of the FDIC's regulations](#)

~~¹For purposes of applying this ninth exception from the definition of deposit broker, "primary purpose" does not mean "primary activity," but should be construed as "primary intent." Whether the "primary purpose" exception applies should be determined based on the meaning of this exception as stated in the FDIC's regulations and as interpreted in the FDIC's guidance.~~

~~In addition, deposit instruments of the reporting bank that are sold to brokers, dealers, or underwriters (including both bank affiliates of the reporting bank and nonbank subsidiaries of the reporting bank's parent holding company) who then reoffer and/or resell these deposit instruments to one or more investors, regardless of the minimum denomination which the investor must purchase, are considered brokered deposits.~~

In some cases, brokered deposits are issued in the name of the depositor whose funds have been placed in a bank by a deposit broker. In other cases, a bank's deposit account records may indicate that the funds have been deposited in the name of a third party custodian for the benefit of others (e.g., "XYZ Corporation as custodian for the benefit of others," or "Custodial account of XYZ Corporation"). Unless the custodian meets one of the specific exceptions from the "deposit broker" definition in [Section 29 of the Federal Deposit Insurance Act](#) and [Section 337.6\(a\) of the FDIC's regulations](#), these custodial accounts should be reported as brokered deposits in Schedule RC-E, Deposit Liabilities.

~~A deposit listing service whose only function is to provide information on the availability and terms of accounts is not facilitating the placement of deposits and therefore is not a deposit broker per se. However, if a deposit broker uses a deposit listing service to identify an institution offering a high rate on deposits and then places its customers' funds at that institution, the deposits would be brokered deposits and the institution should report them as such in Schedule RC-E. The designation of these deposits as brokered deposits is based not on the broker's use of the listing service but on the placement of the deposits in the institution by the deposit broker.~~

[Section 202 of the Economic Growth, Regulatory Relief, and Consumer Protection Act](#), enacted on May 24, 2018, amends [Section 29 of the Federal Deposit Insurance Act](#) to except a capped amount of reciprocal deposits from treatment as, and from being reported as, brokered deposits for qualifying institutions. The FDIC has amended its regulations to conform to the treatment of reciprocal deposits set forth in Section 202. As defined in [Section 337.6\(e\)\(2\)\(v\) of the FDIC's regulations](#), "reciprocal deposits" means "deposits received by an agent institution through a deposit placement network with the same maturity (if any) and in the same aggregate amount as covered deposits placed by the agent institution in other network member banks." As defined in [Section 327.8\(q\) of the FDIC's regulations](#), "brokered reciprocal deposits" are "reciprocal deposits as defined in [Section 337.6\(e\)\(2\)\(v\) of the FDIC's regulations](#) that are not excepted from an institution's brokered deposits pursuant to [Section 337.6\(e\)](#)" of the FDIC's regulations. Brokered reciprocal deposits should be reported as (1) brokered deposits and included in Schedule RC-E, Memorandum item 1.b, and, if applicable, Memorandum items 1.c and 1.d, and (2) brokered reciprocal deposits and included in Schedule RC-O, item 9 and, if applicable, item 9.a. An institution should report its total reciprocal deposits, including any reciprocal deposits that are reported as brokered deposits, in Schedule RC-E, Memorandum item 1.g. For further information on reciprocal deposits and brokered reciprocal deposits, see the instructions for Schedule RC-E, Memorandum items 1.b and 1.g, and the examples after the instructions for Schedule RC-E, Memorandum item 7.

Brokered Deposits (cont.):**Reliance on Previous Staff Advisory Opinions and Interpretations**

As stated in the FDIC's rule on Brokered Deposits and Interest Rate Restrictions, the effective date of the rule was April 1, 2021. Full compliance of the rule was extended to January 1, 2022. The extended compliance date allows entities to continue to rely upon existing staff advisory opinions or other interpretations that predated the final rule in determining whether deposits placed by or through an agent or nominee are brokered deposits. After January 1, 2022, entities may no longer rely on upon staff advisory opinions or other interpretations that predated the final rule, and to the extent that such entities instead opt to rely on a designated exception for which a notice is required, a notice must be filed. After January 1, 2022, the advisory opinions and other publicly available interpretations will be moved to inactive status.

Fully insured brokered deposits are brokered deposits (including brokered deposits that represent retirement deposit accounts as defined in Schedule RC-O, Memorandum item 1) with balances of \$250,000 or less or with balances of more than \$250,000 that have been participated out by the deposit broker in shares of \$250,000 or less. As more fully described in the instructions for Schedule RC-E, (Part I on the FFIEC 031), Memorandum item 1.c, fully insured brokered deposits also include (a) certain brokered certificates of deposit issued in \$1,000 amounts under a master certificate of deposit issued by a bank to a deposit broker in an amount that exceeds \$250,000 and (b) certain brokered transaction accounts and money market deposit accounts 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.

For additional information on brokered deposits, refer to the FDIC's "Identifying, Accepting and Reporting Brokered Deposits: Frequently Asked Questions" at <https://www.fdic.gov/news/news/financial/2016/fil16042b.pdf>.

~~²Any 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 Consolidated Report of Condition.~~