



Summary of Legitimate Interseries Differences

between the

Report of Deposits and Vault Cash (FR 2900)

and the

**Consolidated Reports of Condition and Income for Banks
(FFIEC 031, FFIEC 041, or FFIEC 031)**

Commercial Banks

State Chartered Cooperative Banks

State Chartered Savings Banks

Federally Chartered Savings Banks

Savings and Loan Associations

Federally Chartered Cooperative Banks

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Background

“Interseries editing” compares data reported as of similar dates for analogous items from two different reports. Interseries editing enhances data quality by reconciling reporting discrepancies. Such discrepancies may be the result of a reporting error or may instead reflect legitimate differences between item definitions associated with the two reports. This document describes legitimate differences between the **Report of Deposits and Vault Cash (FR 2900)** and the **Consolidated Reports of Condition and Income (FFIEC 031, 041, and 051)**, hereafter referred to in this document as the Call Report.

Interseries edits are performed each quarter for each FFIEC 031, 041, and 051 reporter (commercial banks, state chartered cooperative banks, state chartered savings banks, federally chartered savings banks, savings and loan associations, and federally chartered cooperative banks) that files the FR 2900. Interseries edits are based on a single day’s data from the two reports on the Call Report date.

A table showing all of the interseries item comparisons that are calculated each quarter is shown in the next section, followed by a table summarizing most of the legitimate differences that might arise in reconciling those comparisons. Next, two types of legitimate differences are discussed in detail: *general legitimate differences* that are valid for any item comparison, and *specific legitimate differences* that are valid only for the particular items being compared.

Interseries Edits for FFIEC 031, 041, and 051 Reporters

The following table shows the interseries item comparisons calculated each quarter for all FFIEC 031, 041, and 051 reporters that file the FR 2900 report.

Detailed Interseries Item Comparisons for FFIEC 031, 041, and 051 Reporters

| FR 2900 | | FFIEC 031, 041, and 051 | |
|------------------|--|--|--|
| Line | Description | Code | Description |
| A.1 | Demand deposits due to the public | RCON2210 – RCON2202 – RCONB551 – RCON2213 | RC-E, column B, line 7 (Total Demand Deposits) – RC-E, column A, line 2 (U.S. Government) – RC-E, column A, line 4 (Commercial banks and other depository institutions in the U.S.) – RC-E, column A, line 5 (Banks in foreign countries) |
| A.2 | Other liquid deposits | RCON2215 – RCON2210 + RCON6810 + RCON0352 | RC-E, column A, line 7 (Total transaction accounts) – RC-E, column B, line 7 (Total demand deposits) + RC-E, memo 2.a.(1) (MMDAs) + RC-E, memo 2.a.(2) (Other savings deposits) |
| B.1 ¹ | Cash items in process of collection ¹ | RCON0020 ¹ | RC-A, line 1.a (CIPC) ¹ |
| C.1 | Small time deposits | RCON6648 | RC-E, memo 2.b (Time deposits less than \$100,000) |
| D.1 ¹ | Vault cash ¹ | RCON0080 | RC-A, line 1.b (Currency and coin) ¹ |

¹ This edit is performed for FFIEC 031 reporters, and for FFIEC 041 reporters that file schedule RC-A (institutions with total assets of \$300 million or more).

Summary of Legitimate Differences for FFIEC 031, 041, and 051 Reporters

| FR 2900 <i>less than</i> Call Report | FR 2900 <i>greater than</i> Call Report |
|---|---|
| Demand deposits due to the public | |
| <ul style="list-style-type: none"> • None. | <ul style="list-style-type: none"> • FR 2900 item includes primary obligations with original maturities of less than seven days (including ASC Topic 810 (formerly FIN 46)-related balances that are considered deposits). The Call Report item does not include primary obligations. • FR 2900 item includes teller's checks for more days than the Call Report (FR 2900 includes balances from the time of issuance until the teller's check is paid, while the Call Report removes the deposit when it is remitted to the service provider). • FR 2900 item includes demand balances due to related Edge and agreement corporations, while the Call Report item does not. • FR 2900 item includes deposits received from a non-U.S. office of an affiliate, while the Call Report item does not. • FR 2900 item includes certain deposits at non-U.S. branches of the reporting institution, while the Call Report item does not. • FR 2900 item considers an overdrawn account that is pooled in a commingled trust account as having a zero balance, while the Call Report item reflects the actual negative balance for that account. |

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Summary of Legitimate Differences for FFIEC 031, 041, and 051 Reporters—*continued*

| FR 2900 <i>less than</i> Call Report | FR 2900 <i>greater than</i> Call Report |
|--|--|
| Other liquid deposits | |
| <ul style="list-style-type: none"> • None. | <ul style="list-style-type: none"> • FR 2900 item includes primary obligations, while the Call Report items do not include primary obligations. • FR 2900 item includes other liquid deposits (those that are not payable on demand) due to related Edge and agreement corporations, while the Call Report item does not. • FR 2900 item includes deposits received from a <i>non-U.S.</i> office of an <i>affiliate</i>, while the Call Report item does not. • FR 2900 item includes certain deposits at <i>non-U.S. branches</i> of the reporting institution, while the Call Report item does not. • FR 2900 item considers an overdrawn account that is pooled in a commingled trust account as having a zero balance, while the Call Report item reflects the actual negative balance for that account. |
| Cash Items in Process of Collection | |
| <ul style="list-style-type: none"> • FR 2900 item excludes items payable immediately upon presentation to a depository institution in Puerto Rico or the U.S. territories and possessions, while the Call Report item does not. | <ul style="list-style-type: none"> • None. |
| Small Time Deposits | |
| <ul style="list-style-type: none"> • None. | <ul style="list-style-type: none"> • FR 2900 item includes primary obligations with original maturities of seven days or more (including ASC Topic 810 (formerly FIN 46)-related balances that are considered deposits). The Call Report item <i>does not</i> include primary obligations. • FR 2900 item includes balances due to related Edge and agreement corporations, while the Call Report item does not. • FR 2900 item includes deposits received from a <i>non-U.S.</i> office of an <i>affiliate</i>, while the Call Report item does not. • FR 2900 item includes certain deposits at <i>non-U.S. branches</i> of the reporting institution, while the Call Report item does not. |

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Summary of Legitimate Differences for FFIEC 031, 041, and 051 Reporters—*continued*

| FR 2900 <i>less than</i> Call Report | FR 2900 <i>greater than</i> Call Report |
|---|---|
| Vault Cash | |
| <ul style="list-style-type: none">FR 2900 item excludes vault cash in the form of <i>foreign</i> currency, while the Call Report item does not. | <ul style="list-style-type: none">None. |

General Legitimate Differences

The following legitimate differences may apply to any interseries item comparison.

Consolidation

Banking Edge and agreement subsidiaries of the reporting bank are required to file separate FR 2900 reports and therefore *are not* consolidated on the FR 2900. As a result, deposits by the parent commercial bank at its Edge subsidiary, or those of the Edge subsidiary at its parent commercial bank, are reported on the FR 2900, as appropriate. (See the FR 2900 General Instructions, “Consolidation.”) In contrast, Edge and agreement subsidiaries *are* consolidated on the reporting bank’s Call Report, and therefore deposits by the parent bank at its Edge subsidiary or those by the Edge subsidiary at its parent bank are *eliminated* by consolidation. (See Call Report General Instructions, “Scope of the ‘Consolidated Bank’ Required to be Reported in the Submitted Reports” and “Rules of Consolidation.” Also see Glossary definition of “Domestic Offices.”)

Deposits received from a *non-U.S.* office of an *affiliate* are included in the FR 2900, but are eliminated in the consolidation process from the domestic portion of the Call Report. (See the FR 2900 General Instructions, “Consolidation,” and the “Glossary of Terms” entry for “Affiliate.”)

Certain deposits at non-U.S. branches of the reporting institution are included in the FR 2900, but are eliminated in the consolidation process from the domestic portion of the Call Report. (See the FR 2900 General Instructions, “Consolidation.”) These deposits include:

- those payable at a U.S. office
- those for which the depositor is guaranteed payment at a U.S. office
- any deposit of a U.S. resident in a denomination of less than \$100,000, regardless of where payable.

Definition of United States

A legitimate difference may arise between the FR 2900 and the Call Report relating to the definition of United States. The FR 2900 defines United States to include the fifty states and the District of Columbia; by comparison, the Call Report definition is much broader and covers offices in Puerto Rico and U.S. territories and possessions. (See the Call Report entry “Banks, U.S. and Foreign” for additional details.)

Late Adjustments

Differences between FR 2900 and Call Report items frequently result from timing differences in the preparation of the two reports.

The FR 2900 is usually prepared a day or two after the report as-of date, while the Call Report is typically prepared weeks after its as-of date. As a result, Call Report items correctly include “late adjustment” amounts. The inclusion of late adjustments in Call Report values may make the FR 2900 item larger or smaller than corresponding Call Report item, depending on the type of late adjustments that were made and the items being compared.

The FR 2900 report should be revised to reflect late adjustments that are material. Single-day FR 2900 data for the Call Report date should not automatically be revised merely to match the Call Report.

Suspense Accounts

Differences between FR 2900 and Call Report items result from the reporting of suspense accounts. Suspense accounts are temporary holding accounts in which items are carried until their final disposition is determined. The FR 2900 requires all suspense account items to be reported in demand deposits due to the public, unless past experience supports a more accurate classification. The Call Report requires these items to be reported in their final disposition account type. For example, suspense account items are reported on the Call Report as if they had actually been posted to the general ledger at or before the cut-off time. The inclusion of suspense account items to the general ledger on the Call Report may make the FR 2900 item larger than the corresponding Call Report item, depending on the classification of the suspense account item.

Primary Obligations

Deposit balances on the FR 2900 may include primary obligations while deposit balances on the Call Report do not.

Certain liabilities of the reporting institution issued to nonexempt entities (e.g., nondepositories, such as individuals or businesses) are considered primary obligations. Primary obligations are reported as deposits on the FR 2900 because they are considered part of the monetary aggregates. On the Call Report, however, primary obligations are not reported as deposits. Examples of primary obligations include: medium term notes, commercial paper issued by a depository institutions, bank notes, and repurchase agreements not backed by U.S. government (or agency) securities.

Primary obligations related to ASC Topic 810 (formerly FIN 46):

Some liabilities related to the Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 810 (formerly Financial Accounting Standards Board Interpretation Number 46 (FIN 46)) are considered primary obligations and are therefore reported on the FR 2900.

ASC Topic 810 (formerly FIN 46), “Consolidation of Variable Interest Entities,” requires depository institutions that sponsor variable-interest entities to consolidate the assets and liabilities of some of these entities onto their balance sheets.

Board Legal staff issued an opinion in January 2004 that certain liabilities of asset-backed commercial paper conduits are not “deposits” for the purposes of Regulation D and, therefore, should not be included in the sponsoring depository institution’s FR 2900 report (www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/2004/20040126/).

On the Call Report, the sponsoring depository institution reports the ASC Topic 810 (formerly FIN 46)-related liabilities in “other borrowed money” (Schedule RC, line 16). On the FR 2900 report, if the liabilities do not fall within the scope of the staff opinion, they are reported as deposits. Therefore, for those institutions with ASC Topic 810 (formerly FIN 46)-related liabilities, differences may arise between deposit items reported on the Call Report and the FR 2900 report.

For more information on primary obligations see the FR 2900 General Instructions, “Deposits as Defined Under Regulation D.”

Interpretive Differences

Some items may be classified on the Call Report as either deposits or accounts payable and other liabilities. On the FR 2900, these items are generally reported as deposits. When reported as accounts payable and other liabilities on the Call Report, these items are omitted from the Call Report items used in inter-series edit comparisons, making FR 2900 balances higher than Call Report balances when these items are present.

Examples of items that may be classified in this manner are: undistributed payments, advance payments of taxes and insurance, undistributed payroll deductions (withheld payroll taxes), and funds received in the course of servicing loans for others.

Fair Value

Deposit liabilities reported on the FR 2900 must be based on the reporting institution's contractual liability to its counterparty, which includes any accrued interest. Institutions may elect to report their deposit liabilities at fair value on the Call Report. The balance reported at fair value on the Call Report may be greater than or less than the original value of the contractual liability reported on the FR 2900.

Specific Legitimate Differences

The most common explanations given for valid legitimate differences are discussed below.

1. Demand deposits due to the public

| FR 2900 | | FFIEC 031, 041, and 051 | |
|---------|-----------------------------------|--|--|
| Line | Description | Code | Description |
| A.1 | Demand deposits due to the public | RCON2210 – RCON2202 – RCONB551 – RCON2213 | RC-E, column B, line 7 (Total Demand Deposits) – RC-E, column A, line 2 (U.S. Government) – RC-E, column A, line 4 (Commercial banks and other depository institutions in the U.S.) – RC-E, column A, line 5 (Banks in foreign countries) |

Legitimate Differences

Primary Obligations

FR 2900 balance may be greater than Call Report balance because primary obligations with original maturities of less than seven days must be included in the FR 2900 item, while the Call Report item does not include primary obligations. Some ASC Topic 810 (formerly FIN46)-related liabilities are considered primary obligations and are therefore reported on the FR 2900 (see “ASC Topic 810 (formerly FIN46)” under “Primary Obligations” in the “General Legitimate Differences” section).

Teller’s Checks

FR 2900 balance may be greater than Call Report balance because teller’s checks are reported on the FR 2900 (in line A.1) for more days than on the Call Report. On the FR 2900, the issuing bank reports the teller’s check in demand deposits from the time of issuance until the teller’s check is paid. On the Call Report, the teller’s check itself is not reported but the funds received in connection with the sale of the teller’s check are reported as a deposit until remitted to the teller’s check service provider.

Example

Day 1: Bank issues \$1,000 teller’s check.

Day 2: Bank remits \$1,000 to teller’s check service provider.

Day 6: Service provider notifies bank that check has been paid.

Bank’s reporting of this transaction

Day 1: FR 2900 (item A.1) and Call Report show \$1,000 deposit.

Day 2: Deposit is removed from Call Report.

Day 6: Deposit is removed from FR 2900.

Result: Legitimate difference occurs on days 2 through 6.

Non-U.S. Affiliates

FR 2900 balance may be greater than Call Report balance. The FR 2900 includes deposits received from a non-U.S. office of an affiliate while these deposits are eliminated in the consolidation process on the domestic portion of the Call Report.

Non-U.S. Branches

FR 2900 balance may be greater than Call Report balance. The FR 2900 includes certain deposits at non-U.S. branches of the reporting institution, specifically:

- those payable at a U.S. office
- those for which the depositor is guaranteed payment at a U.S. office
- any deposit of a U.S. resident in a denomination of less than \$100,000, regardless of where payable.

These deposits are eliminated in the consolidation process from the domestic portion of the Call Report.

Commingled Trust Accounts

FR 2900 balance may be greater than Call Report balance. Depository institutions' trust departments may place the idle cash balances of individual trusts that they manage in a single commingled demand deposit account at the depository institution. For FR 2900 reporting, overdrawn trust accounts are considered to have zero balances and are therefore not netted against positive trust balances for computing the balance in the commingled demand deposit account. On the Call Report, reporters may net negative balances in overdrawn trust accounts against positive balances in other trust accounts to compute the net balance of the demand deposit account.

2. Other liquid deposits

| FR 2900 | | FFIEC 031, 041, and 051 | |
|---------|-----------------------|--|---|
| Line | Description | Code | Description |
| A.2 | Other liquid deposits | RCON2215 – RCON2210 + RCON6810 + RCON0352 | RC-E, column A, line 7 (Total transaction accounts) – RC-E, column B, line 7 (Total demand deposits) + RC-E, memo 2.a.(1) (MMDAs) + RC-E, memo 2.a.(2) (Other savings deposits) |

Legitimate Differences

Primary Obligations

FR 2900 balance may be greater than Call Report balance because primary obligations in the form of savings deposits must be included in the FR 2900 item, while the Call Report item *does not* include primary obligations. Some ASC Topic 810 (formerly FIN 46)-related liabilities are considered primary obligations and are therefore reported on the FR 2900 (see “ASC Topic 810 (formerly FIN 46)” under “Primary Obligations” in the “General Legitimate Differences” section).

Edge and Agreement Corporations

FR 2900 balance may be greater than Call Report balance. The FR 2900 may include other liquid deposit balances (those not payable on demand) due to related Edge and agreement corporations because Edge and agreement corporations file separate FR 2900 reports. On the Call Report, balances due to related Edge and agreement corporations are *consolidated* and therefore excluded from the reporting bank's FFIEC 031 report.

Non-U.S. Affiliates

FR 2900 balance may be greater than Call Report balance. The FR 2900 includes deposits received from a *non-U.S.* office of an *affiliate* while these deposits are eliminated in the consolidation process on the domestic portion of the Call Report.

Non-U.S. Branches

FR 2900 balance may be greater than Call Report balance. The FR 2900 includes certain deposits at non-U.S. branches of the reporting institution, specifically:

- those payable at a U.S. office
- those for which the depositor is guaranteed payment at a U.S. office
- any deposit of a U.S. resident in a denomination of less than \$100,000, regardless of where payable.

These deposits are eliminated in the consolidation process from the domestic portion of the Call Report.

Commingled Trust Accounts

FR 2900 balance may be greater than Call Report balance. Depository institutions' trust departments may place the idle cash balances of individual trusts that they manage in a single commingled account at the depository institution. For FR 2900 reporting, overdrawn trust accounts are considered to have zero balances and are therefore not netted against positive trust balances for computing the balance in the commingled account. On the Call Report, reporters may net negative balances in overdrawn trust accounts against positive balances in other trust accounts to compute the net balance of the commingled account.

3. Cash Items in Process of Collection (CIPC)

| FR 2900 | | FFIEC 031 and 041 | |
|---------|-------------------------------------|-------------------|-----------------------|
| Line | Description | Code | Description |
| B.1 | Cash items in process of collection | RCON0020 | RC-A, line 1.a (CIPC) |

Legitimate Difference

Definition of United States

FR 2900 balance may be less than Call Report balance. For both reports, cash items in the process of collection are defined to be checks in the process of collection drawn upon another depository institution payable immediately upon presentation in the United States. However, the Call Report includes Puerto Rico and the U.S. territories and possessions in its definition of United States, while the FR 2900 does not.

4. Small Time Deposits

| FR 2900 | | FFIEC 031, 041, and 051 | |
|---------|---------------------|-------------------------|--|
| Line | Description | Code | Description |
| C.1 | Small time deposits | RCON6648 | RC-E, memo 2.b (Time deposits less than \$100,000) |

Legitimate Differences

Primary Obligations

FR 2900 balance may be greater than Call Report balance because primary obligations with original maturities of seven days or more must be included in the FR 2900 item, while the Call Report item *does not* include primary obligations. Some ASC Topic 810 (formerly FIN 46)-related liabilities are considered primary obligations and are therefore reported on the FR 2900 (see “ASC Topic 810 (formerly FIN 46)” under “Primary Obligations” in the “General Legitimate Differences” section).

Edge and Agreement Corporations

FR 2900 balance may be greater than Call Report balance. The FR 2900 item includes balances due to related Edge and agreement corporations because Edge and agreement corporations file separate FR 2900 reports. On the Call Report, balances due to related Edge and agreement corporations are *consolidated* and therefore excluded from the reporting bank’s Call Report.

Non-U.S. Affiliates

FR 2900 balance may be greater than Call Report balance. The FR 2900 item includes deposits received from a *non-U.S.* office of an *affiliate*, while these deposits are eliminated in the consolidation process on the domestic portion of the Call Report.

Non-U.S. Branches

FR 2900 balance may be greater than Call Report balance. The FR 2900 includes certain deposits at non-U.S. branches of the reporting institution. For more information, please refer to explanation of “Consolidation” under “General Legitimate Differences” section.

5. Vault Cash

| FR 2900 | | FFIEC 031 and 041 | |
|---------|-------------|-------------------|------------------------------------|
| Line | Description | Code | Description |
| D.1 | Vault Cash | RCON0080 | RC-A, line 1.b (Currency and coin) |

Legitimate Difference

Foreign Currency

FR 2900 balance will be less than Call Report balance by the amount of foreign currency held as vault cash. The FR 2900 item excludes foreign currency in the vault of the reporting institution, while the Call Report item includes it.