



COMMUNITY BANKERS

B A N K

Resourceful. Responsive. Reliable.

CB Solutions

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Issue 5

FED FUNDS FACILITY & CERTIFICATES OF DEPOSIT

Q: Are you looking for an FDIC-insured option to collateralize a Secured Fed Funds Facility?

A: Community Bankers' Bank ("CBB") offers both Secured and Unsecured Fed Funds Facilities ("FFF") to its client banks. In today's regulatory environment, we encourage all of our client banks with a CBB unsecured FFF to also have the necessary paperwork in place for a CBB secured FFF, in the event the need for one arises. We understand that bank examiners like to see that a secured FFF with your correspondent bank is both available and ready. We further recommend that our client banks keep some collateral set aside against the secured FFF.

Community Bankers' Bank offers its Certificates of Deposit product as a solution. In addition to using a CBB CD as a short-term investment option, it can also be used to pledge as collateral on a secured FFF. This way the facility will be in place for any future needs, and it can be established at the same time you open a CBB CD.

The CBB CD offers a stable and safe alternative to other investment vehicles, with the advantage of a fixed rate. We offer various term and rate options that can accommodate most banks' short-term investment strategies.

Terms and Rates are as follows:

- 3-month, 6-month, 9-month, 12-month, or 18-month terms
- Minimum deposit amount: \$50,000
- Rates are fixed and automatically renewed at the current rate
- Transactions are book entry, no certificate issued.
- Interest is paid quarterly or at maturity, non-compounding
- Early withdrawal is subject to forfeiture of up to six months interest
- CDs issued direct only to domestic U.S community financial institutions, no brokers
- CDs may be pledged as collateral for CBB credit products
- Rates are posted weekly on www.CBBonline.com and on CBLink

FDIC insurance is available on up to \$250,000 invested in a CBB CD, even for a community bank that already has one or more CBB noninterest-bearing transaction deposit accounts. The FDIC has stated that insurance coverage on noninterest-bearing transaction deposit accounts is "over and above" the \$250,000 in coverage provided to a customer on interest-bearing deposits. For example, if a customer has \$500,000 in a CBB noninterest-bearing transaction deposit account and \$250,000 in a CBB certificate of deposit, the FDIC insures the entire \$750,000. (Source: FDIC FAQs for Temporary Liquidity Guarantee Program.)

And because up to \$250,000 invested in a CBB CD is FDIC-insured, the CD is excluded from the calculation of "Net Credit Exposure" under the new regulatory guidelines requiring banks to closely monitor and document credit concentrations with correspondent banks.

To invest in a CBB CD or obtain more information, call the CD Desk at 1-800-822-1039, ext 134 or e-mail CDdesk@CBBonline.com .

To inquire about a Secured FFF, contact a Correspondent Relationship Manager:

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