

Press Release

December 16, 2008

Federal Reserve issues technical note concerning the calculation of interest rates on required reserve balances and excess balances for the maintenance periods ending December 17, 2008

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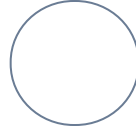
The Federal Reserve on Tuesday issued a technical note concerning the calculation of interest rates on required reserve balances and excess balances for reserve maintenance periods ending December 17.

On Tuesday, the Federal Open Market Committee (FOMC) established a target range for the effective federal funds rate of 0 to 1/4 percent, and the Federal Reserve Board established the interest rates on required reserve balances and excess balances at 1/4 percent for reserve maintenance periods beginning December 18.

Previously, the interest rate on required reserve balances had been set as the average target federal funds rate over the reserve maintenance period, and the interest rate on excess balances had been set at the lowest target federal funds rate over the reserve maintenance period. For the reserve maintenance periods ending December 17, the interest rates on required reserve balances and excess balances will be set based upon these previously existing formulas and will use the 1/4 percent upper bound of the FOMC's current target range in the calculations for the last two days of the period. As a result, the rate paid on required reserve balances for the maintenance periods ending

December 17 will be based on the 1 percent target rate that prevailed through December 15 and a 1/4 percent rate for December 16 and 17. The rate of interest on excess balances for the reserve maintenance periods ending December 17 will be 1/4 percent.

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