Office of Thrift Supervision
Financial Reporting Division (FRD)

September 2006

http//www.ots.treas.gov

Financial Reporting Bulletin

- **It is important that you read this bulletin and the attached materials before preparing and submitting your Thrift Financial Report.**

- ***Please share this bulletin with all staff members who are involved in preparing and transmitting reports to the OTS.***

September TFR Filing Deadline – Monday, October 30, 2006
September COF Filing Deadline – Monday, October 30, 2006
September CMR Filing Deadline – Tuesday, November 14, 2006
September HC Filing Deadline – Tuesday, November 14, 2006

IN THIS ISSUE

The Office of Thrift Supervision publishes the Financial Reporting Bulletin quarterly and distributes it to all OTS-regulated institutions. The bulletin's purpose is to provide the Thrift Financial Report preparer with reporting information and guidelines. Please send comments and suggestions on this bulletin to the Office of Thrift Supervision, by e-mail to OTSFinancialBulletin@ots.treas.gov.

THIRD QUARTER FILING DEADLINES

You should complete and transmit your September 2006 TFR and COF **as soon as possible** after the close of the quarter. **Filing *deadline*** for all schedules *except* HC and CMR is **Monday, October 30, 2006**. **Filing *deadline*** for Schedules HC and CMR is **Tuesday, November 14, 2006.**

Institutions that are exempt from filing Schedule CMR but choose to voluntarily file must adhere to the filing deadlines above. The OTS will not be able to provide access to Interest Rate Risk reports to institutions that fail to meet the filing deadline. All voluntary CMR filers should contact Doris Jackson at doris.jackson@ots.treas.gov, or 972.277.9618 two days after transmitting CMR for confirmation of receipt.

If you have questions concerning the preparation of your report, please call your Financial Reporting Division analyst in Dallas, Texas. A contact listing is provided near the end of this bulletin. You may e-mail reporting questions to tfr.instructions@ots.treas.gov. If you need assistance with Electronic Filing System (EFS) including Quick Importer, or Financial Reports Subscriber (FRS), software or transmission, contact the EFS Helpline Message Center by e-mail at efs-info@ots.treas.gov or by phone toll free at 866.314.1744. If you have questions about your Interest Rate Risk report, you may contact Scott Ciardi at scott.ciardi@ots.treas.gov, or call 202.906.6960.

NO SEPTEMBER 2006 EFS CD

The Electronic Filing System (EFS) Version 5.8.5 is the current version and should be used to prepare and transmit all September 2006 reports to the OTS. Please continue to log in to EFS Net weekly during the reporting period to check for any late-breaking news and verify that you are using the current version. ***There will be NO EFS CD mailed out for September.***

For any software issues you encounter, you should first run the OTS Diagnostics, which is installed automatically along with the EFS program. You can access OTS Diagnostics from your desktop through Start, Programs, Office of Thrift Supervision, OTS Diagnostics. If the OTS Diagnostics does not identify and offer solutions for your problem, contact the EFS Helpline at efs-info@ots.treas.gov, or call toll free 866.314.1744.

EFS QUICK IMPORTER

September is *Quick Importer* Awareness Month!

The Electronic Filing System software includes a module called Quick Importer. Quick Importer enables users to import data from servicer files or in-house files directly to the TFR and CMR. Quick Importer is easy to use and can dramatically decrease the amount of time you spend preparing your regulatory reports.

One-time Setup, Easy Maintenance

There is a one-time setup to use Quick Importer, then you can update it every quarter for changes to your accounts. The amount of time it will take to set up Quick Importer varies, depending on the number of files you want to import and the number of accounts in each file. But once it is set up, the feature should significantly reduce time spent for report preparation. You will need to update Quick Importer only for new or deleted accounts, using the maintenance features of the application.

Uses Any Files

You can use files created from any source, as long as they are column-aligned. Your servicer can normally provide you with files from your General Ledger, and you can also create your own files from other in-house systems. Quick Importer can even accumulate totals when you use multiple files to complete one TFR or CMR schedule.

Automatic Balance Transfer to EFS

Once you have set up Quick Importer and maintained your accounts, one click will transfer balances to the TFR or CMR. This reduces keypunch errors and greatly increases the accuracy of your reporting.

How to Find Quick Importer

You can access Quick Importer from the EFS main (blue) screen by clicking on “Utilities” located on the menu bar at the top of the screen. When Quick Importer opens, it will use the active cycle of EFS; if you selected the September quarter when you entered EFS, your balances from Quick Importer will be applied to your September reports.

How to Find Out More

The EFS-Quick Importer Help Guide is available on EFS-Net under “Available Bulletins for Download.” You can also find the Help Guide within the EFS application through the “Help” menu. You may also call the toll-free EFS Help Line at 1-866-314-1744.

CREDIT BALANCES IN CASH ACCOUNTS

FRD analysts have received several questions from report preparers regarding classifying credit balances in cash accounts on the TFR.

In most cases, credit balances in cash accounts will be classified as deposits. For example, outstanding official checks drawn on an internal account at the thrift must be reported as deposits on SC710. When official checks are drawn on internal funds, any outstanding items would be a liability to the payee on the check. Hence, a credit balance that remains from the issuance of checks on internal accounts would represent a liability to the customer, and this liability would continue to exist until the checks clear.

Conversely, situations arise where an institution issues checks drawn on the Federal Reserve Bank or Federal Home Loan Bank directly, instead of routing the transaction through an internal account. When the funds are drawn directly from the thrift’s funds held at third party depositories, a negative cash balance for outstanding checks is classified as either a deposit or cash. If these checks are drawn on a “zero-balance account” (an account not routinely maintained with sufficient balances to cover checks drawn in the normal course of business) then the credit balance is classified as a Deposit for SC710. If the checks are drawn on a “non-zero balance account” (where a balance is normally maintained to fund the checks) then the credit balance is reported as Cash on SC110 (if the right of offset exists), and any excess is reported in Other Borrowed Money, SC760. If the right of offset does not exist, then the overdraft is reported in Other Borrowed Money, SC760.

HC FILERS

A recent review of HC filings disclosed confusion on how to report "Parent-Only" data. The HC General Instructions state that the holding company's investment in subsidiaries should be reported on the equity method of accounting.

Paragraphs 120-122 of SFAS No. 130, Reporting Comprehensive Income, Display of Other Comprehensive Income (OCI) Under the Equity Method of Accounting, state that the investor should record its proportionate share of the investee's OCI. The FASB points out that APB 18, The Equity Method of Accounting for Investments in Common Stock, para. 19(e), Applying the Equity Method, states that a transaction of an investee of a capital nature that affects the investor's share of stockholders' equity of the investee should be accounted for as if the investee were a consolidated subsidiary.

Based on both APB 18 and FAS 130, the "parent-only" equity should equal the "consolidated" equity when the parent-only financial statements report the subsidiary thrift under the equity method of accounting.

CODE 99

Several edit steps have been established to capture the use of code 99 in the memo detail sections pertaining to Other Assets, Other Liabilities and Deferred Income, Other Noninterest Income, and Other Noninterest Expense. The intent of the edits is to encourage responses identifying the figures affixed to code 99, and compile the data provided to indicate the need for additional codes. A brief narrative addressing the entry, such as “represents earnings on official checks”, is sufficient. Submitting Usernotes with generic comments such as “verified”, or “correct as filed” is not sufficient (see sample edit, next page).

A sample edit:

I745

Edit: If SO489 > 0 and SO495 > 0 then SO489 <> SO495

Description: You should not report duplicate codes for Other Noninterest Income detail information. The exception would be for items determined to be [other] (code 99). You should not combine unlike accounts in reporting code 99. You may have more than one code 99 if you cannot find codes describing the items you report. Provide an explanation in a Usernote for each code 99 item you report.

SOFTWARE CORNER

YES/NO Boxes on TFR Form

Several schedules within the TFR contain YES/NO boxes. Please verify that your answer shown is correct for the current cycle. For example, fifty-five dockets answered SQ540 (“Do you provide transactional accounts to your customers...?”) differently from their March 2006 TFR to their June 2006 TFR. While these could possibly be correct, they should be validated before the report is transmitted.

Prior-Period Amendments

Before you transmit any prior-period amendments to TFR, CMR, or HC reports, be sure to discuss them with your Financial Reporting Analyst, who may have further instructions for you to follow. All amendments must be filed electronically and should include a detailed EFS Message to OTS explaining the reason for the amendment. A June TFR, CMR, or HC amendment cannot be processed after November 13, 2006.

Contact Us *Before* a System or Server Upgrade

Before you perform any system, server, or hardware upgrade or move, you should contact the EFS Helpline for instructions on how to properly retain your data and install the EFS software to the correct location.

SEPTEMBER 2006 TFR INSTRUCTION MANUAL UPDATES

Schedule HC - Thrift Holding Company

This section of the instructions manual has been revised and updated. Please refer to the revised instruction pages included with this Bulletin for details.

Glossary - page 1936

Changed the definition of "Nonperforming Assets" to:

"Assets that do not earn income, including those originally acquired to earn income (delinquent loans) and those not intended to earn income (fixed assets). Typically assets originally acquired to earn income are deemed nonperforming when (1) full payment of interest or principal is no longer anticipated, or (2) the principal or interest that is due at a regularly scheduled payment date or the maturity date is 90 days or more delinquent even if the asset is still in accrual status. Nonperforming loans that are restructured continue to be considered nonperforming until a cash payment from the borrower brings the loan current under its restructured terms; for instance, a loan cannot be taken out of the nonperforming category simply by restructuring the loan."

DECEMBER 2006 TFR FORM AND INSTRUCTION MANUAL UPDATES

Final changes to the December 2006 TFR Form and Instruction Manual were published in a Federal Register notice (71 FR 47866) on August 18, 2006, providing a 30-day request for comment. The reform changes are being implemented in response to the increased levels of deposit insurance from $100,000 to $250,000 for retirement accounts. See the Federal Deposit Insurance Reform Act of 2005, (''Reform Act'') (Pub. L. 109-171).

The December 2006 revisions relate to Schedule DI - Consolidated Deposit Information. Three line items were eliminated from the TFR, six existing line items were revised, and four new line items were added as follows:

Schedule DI, pages 901 through 908

Revised Lines:

DI100 - Fully Insured Broker-Originated Deposits
DI110 - Other Broker-Originated Deposits
The term "$100,000" was replaced with "the account insurance limit".

DI120 - Deposits (Excluding Retirement Accounts) With Balances $100,000 or Less
DI130 - Deposits (Excluding Retirement Accounts) With Balances Greater than $100,000
DI150 - Number of Deposits (Excluding Retirement Accounts) With Balances $100,000 or Less
DI160 -Number of Deposits (Excluding Retirement Accounts) With Balances Greater than $100,000
The descriptions were revised to exclude retirement accounts.

New Lines:

DI170 - Retirement Deposits With Balances $250,000 or Less
DI175 - Retirement Deposits With Balances Greater Than $250,000
DI180 - Number of Deposits (Excluding Retirement Accounts) With Balances $250,000 or Less
DI185- Number of Deposits (Excluding Retirement Accounts) With Balances Greater than $250,000
These lines were added to collect data reflecting the new insurance limits for retirement deposits.

Deleted Lines:

DI740 - Total Deposits Purchased or Acquired from FDIC-Insured Institutions During Quarter
DI750 - Amount of Purchased or Acquired Deposits Reported In DI740 Attributable to a Secondary Fund
DI760 - Total Deposits Sold or Transferred During Quarter
These lines were deleted as passage of the Reform Act renders this data collection obsolete.

PROPOSED MARCH 2007 TFR FORM AND INSTRUCTION MANUAL REVISIONS

Proposed changes to the March 2007 TFR Form and Instruction Manual were published in a Federal Register notice (71 FR 43236) on July 31, 2006, providing a 60-day request for comments. Certain line items would be eliminated from the TFR, other existing line items would be revised, some new line items will be proposed, and the OTS is seeking comments on eliminating confidential treatment of Schedule HC data. Details regarding these changes will be included in the December 2006 Financial Reporting Bulletin.

Questions & Answers

TFR Questions and Answers are posted on the OTS website at http://www.ots.treas.gov (click TFR). If you have a question you would like posted, please e-mail it to tfr.instructions@ots.treas.gov.

Q&A No: 75

SUBJECT: Deposit Premium Assessment Base

LINE(S): SC710

DATE: Revised September 14, 2006

Revised as follows:

Occasionally we get questions on the computation of the assessment base for TFR filers. The computation is as follows:

Demand Deposits

DI610 Non-interest bearing Demand Deposits

+ DI620 Outstanding Checks Drawn against FHLB and FRB

+ DI640 Demand Deposits of Consolidated Subsidiaries

+ DI720 Assets Netted against Deposit Liabilities

= Gross Demand Deposits

Less: DI710 Adjustments for Reciprocal Demand Balances

= Adjusted Demand Deposits (1)

Time and Savings Deposits

SC710 Total Deposits

+ SC712 Escrows

+ SC763 Accrued Interest Payable - Deposits

+ DI650 Time and Savings Deposits of Consolidated Subsidiaries

+ DI730 Assets Netted against Deposit Liabilities

Less: DI610 Non-interest-bearing Demand Deposits

= Gross Time and Savings Deposits

Less: DI700 Depository Institution Investment Contracts & Foreign Deposits

= Adjusted Time and Savings Deposits (2)

Total Assessment Base

Adjusted Demand Deposits ((1) above) less Float Deduction of 16 2/3% (as calculated on the QPI)

+ Adjusted Time and Savings Deposits ((2) above) less Float Deduction of 1% (as calculated on the QPI)

= Total Assessment Base

Rescinded Q&A No: 226
(dated December 5, 2003)

SUBJECT: Foreclosure On Loans Purchased From Ginnie Mae Pools

LINE(S): VA952

DATE: September 25, 2006

Rescinded

FINANCIAL REPORTING DIVISION (FRD) CONTACT LIST

225 E. John Carpenter Freeway, Suite 500
Irving, TX 75062-2326
FAX 972.277.9596

VIKKI REYNOLDS, MANAGER 972.277.9595
vikki.reynolds@ots.treas.gov

972.277.XXXX

THRIFT FINANCIAL REPORT (TFR)

ARTURO CORNEJO 9556
arturo.cornejo@ots.treas.gov

JIM HANSON 9620
james.hanson@ots.treas.gov

KATHRYN JOHNSON 9611
kathryn.johnson@ots.treas.gov

KEVIN JONES 9612
kevin.jones@ots.treas.gov

JIM MELTON 9621
jim.melton@ots.treas.gov

ANGELA THORPE-HARRIS 9615
angela.thorpe@ots.treas.gov

JO ANN WILLIAMS 9616
joann.williams@ots.treas.gov

972.277.XXXX

MONTHLY COST OF FUNDS (COF)
KATHRYN JOHNSON 9611
kathryn.johnson@ots.treas.gov

BRANCH OFFICE SURVEY (BOS)
CHEYANN HOUTS 9617
cheyann.houts@ots.treas.gov

GENERAL QUESTIONS AND SOFTWARE DISTRIBUTION
DORIS JACKSON 9618
doris.jackson@ots.treas.gov

The Financial Reporting Division uses voice-mail extensively. If you reach the voice-mail of the person you are calling, please leave a brief message, speaking slowly enough to be clearly understood. Include your name, phone number, region, and docket number. Your call will be returned as quickly as possible.

TFR REPORTING QUESTIONS AND ANSWERS

The Financial Reporting Division posts TFR Questions and Answers on the OTS website at http://www.ots.treas.gov/ (click TFR). If you have a question that you would like answered, you may submit it to tfr.instructions@ots.treas.gov. For security reasons, FRD staff does not respond to e-mails with blank or illogical Subject lines.

EFS HELPLINE MESSAGE CENTER

For assistance with Electronic Filing System (EFS)-related issues, contact the EFS Software Helpline at efs-info@ots.treas.gov or call the toll-free 24-Hour Message Center: 866.314.1744. NOTE: For security purposes, please always begin your e-mail Subject line with your 5-digit docket number, and provide your name and phone number. FRD staff does not respond to e-mails with blank or illogical Subject lines.

INTEREST-RATE RISK REPORTS

Questions about your Interest Rate Risk report may be directed to Scott Ciardi at scott.ciardi@ots.treas.gov, or 202.906.6960.

COPIES OF TFR MANUAL The OTS provides one copy of the TFR Instruction Manual and Financial Reporting Bulletins free of charge to the report preparer(s) of each OTS-regulated institution. You can also access the manual and bulletins on the OTS website at http://www.ots.treas.gov/ (click TFR).

PREFERRED AND MINIMUM REQUIREMENTS FOR ELECTRONIC FILING OF REGULATORY REPORTS

Preferred Requirements:

Application

- **IBM-compatible PC - Pentium 566+ processor**
- **Windows NT4.0 Workstation, Windows 2000, XP, Me**
- **256 Meg of installed RAM memory**
- **200+ Meg of available hard drive memory**
- **SVGA enhanced color monitor 1024x768, 256 colors or 24 bit true colors**
- **CD-Rom drive**
- **HP LaserJet or Ink Jet-compatible printer**

Communications - EFS-NET

- **DSL, Internet Cable, or T1-T3 Direct Line with online Internet access**
- **Internet Explorer 6.x or greater (for EFS-NET certificate compatibility)**

Minimum Requirements:

Application

- IBM-compatible PC - Pentium 200+ processor
- 128 Meg of installed RAM memory
- 150 Meg of available hard drive memory
- VGA or SVGA color monitor - 640x480, 256 colors screen
- CD-Rom drive
- HP LaserJet or Ink Jet-compatible printer

Communications - EFS-NET

- 56K bps modem and active account with an Internet Access Service Provider
- Internet Explorer 6.x or greater (for EFS-NET certificate compatibility)

For quick reference to this page at any time, save this link in your Favorites:
https://xnet.ots.treas.gov/efsnet/bulletins/efs_5x_requirements.pdf

Office of Thrift Supervision

Filing Schedule for 2006 Regulatory Reports

Reporting "As Of" Date	FILING DEADLINE			
	Thrift Financial Report	Schedule CMR and HC	Cost of Funds	Branch Office Survey
January 31			Thursday March 2	
February 28			Thursday March 30	
March 31	Monday May 1	Monday May 15	Monday May 1	
April 30			Tuesday May 30	
May 31			Thursday June 30	
June 30	Monday July 31	Monday August 14	Monday July 31	Monday August 28
July 31			Wednesday August 30	
August 31			Monday October 2	
September 30	Monday October 30	Tuesday November 14	Monday October 30	
October 31			Thursday November 30	
November 30			Tuesday January 2, 2007	
December 31	Tuesday January 30, 2007	Wednesday February 14, 2007	Tuesday January 30, 2007	

THIS PAGE INTENTIONALLY LEFT BLANK

THRIFT FINANCIAL REPORT INSTRUCTION MANUAL UPDATES

SEPTEMBER 2006

Insert these revised pages into your Thrift Financial Report Instruction Manual. Delete **only** the pages that have a replacement. Refer to the summary of these changes in the September 2006 Financial Reporting Bulletin.

Please note: Attached is a complete *revised* Schedule HC section that replaces the entire set of existing instructions. These instructions were revised for clarity and flow of information only – the filing requirements for Schedule HC have not changed.

Direct questions to your Financial Reporting Analyst in Dallas, TX, or e-mail tfr.instructions@ots.treas.gov.

THIS PAGE INTENTIONALLY LEFT BLANK

SCHEDULE HC — THRIFT HOLDING COMPANY

*Throughout these instructions, **you** and **your** refers to the reporting savings association and its consolidated subsidiaries; **we** and **our** refers to the Office of Thrift Supervision.*

GENERAL INSTRUCTIONS

Complete this schedule if you are owned by a thrift holding company, except if your holding company is a registered Bank Holding Company supervised by the Federal Reserve. If your holding company owns more than one thrift institution, we will advise you which institution should file this report. We will also advise you which holding company(ies) to report if you are owned by more than one. You should continue to report for each holding company designated until advised otherwise.

Unless otherwise instructed, report all dollar amounts in accordance with GAAP for each designated holding company filing Schedule HC. (See the note below for insurance companies preparing financial statements under statutory accounting principles.) Where it is appropriate under GAAP to consolidate one or more of the holding company's subsidiaries (which may or may not include your thrift), the amounts in the "Consolidated" column should reflect consolidation of those subsidiaries. The amounts in the "Parent Only" column must reflect the holding company's investment in subsidiaries and the operations of those subsidiaries, under the equity method of accounting. Subsidiary operations, as a component of the investment account, would include dividends, earnings, and other activity updated on a quarterly basis. In the infrequent circumstance where it is not appropriate under GAAP to consolidate any of the holding company's subsidiaries – such as a designated holding company filing Schedule HC that is a minority shareholder of the thrift and controls no other subsidiaries – the amounts in the "Consolidated" column should be left blank.

If the holding company has a quarter end other than a calendar quarter end, you may use data from the fiscal quarter ending within the reporting calendar quarter. For example, if the holding company's fiscal year end is October, its **fiscal quarter ends** are January, April, July, and October. You should use its fiscal quarter ending January 31 for the March 31 TFR, April 30 for June 30, July 31 for September 30, and October 31 for December 31.

If your holding company is an insurance company, **and** does not prepare financial statements for external use in conformity with GAAP, you may file data from financial statements prepared in conformity with statutory accounting principles in the "Parent Only" column. If periodic consolidated financial statements are prepared under GAAP – such as for annual reports to policyholders – data from these statements should be used in filing Schedule HC in the appropriate "Consolidated" and "Parent Only" columns.

You must file Schedule HC no later than the 45th day following the end of the **calendar** quarter. We do **not** make public Schedule HC data for individual holding companies. We do make public aggregate data for Schedule HC.

HC100: HOLDING COMPANY NUMBER

Report the OTS docket number of the holding company for which you are reporting. All holding company docket numbers begin with an H.

HC110: FISCAL YEAR END

Enter the month of your current fiscal year-end for audited financial statement purposes. In some cases this may not correspond to the tax year-end.

HC125: STOCK EXCHANGE TICKER SYMBOL

List the symbol if the stock of the holding company is traded on a public exchange.

HC 130: SEC FILE NUMBER

If the holding company must file periodic securities disclosure documents with the SEC pursuant to the Securities Exchange Act of 1934, report the SEC file number. Examples of disclosure documents are Form 10-K and Form 10-Q.

If the reporting holding company does not file periodic securities disclosure documents with the SEC but its parent or top tier holding company does file, you should report the SEC file number of that parent or top tier holding company.

HC140: WEBSITE ADDRESS

If one exists, report the Internet address of the reporting holding company or of the appropriate entity within the corporate structure where publicly available financial information is available.

PARENT ONLY

The parent holding company is an entity within the corporate structure. Parent-only reporting reflects the activities of the holding company. The parent activities are often limited to ownership of subsidiaries, financing activities and administrative activities. The parent records investments in subsidiaries as an investment or under the equity method as prescribed by GAAP. On a parent only basis, intragroup transactions are not eliminated.

HC210 TOTAL ASSETS

Report total assets on a parent only basis. Report details for components included in Total Assets on HC310 through HC370.

HC220 TOTAL LIABILITIES

Report total liabilities on a parent only basis. Report details for components included in Total Liabilities on HC410 through HC460.

HC240 TOTAL EQUITY

Report total equity on a parent only basis. Include the holding company's portion of current subsidiary earnings (including the thrift) and other comprehensive income in equity of the parent. Generally, parent only Total Equity should be equal to Total Consolidated Equity (HC630). If HC240 and HC630 are not equal, explain the difference in a user note.

HC250 NET INCOME FOR THE QUARTER

Report net income for the quarter. Include the parent holding company's proportionate share of any thrift institution subsidiary's income for that quarter. Income should not be left blank.

INCLUDED IN TOTAL ASSETS:

RECEIVABLE FROM SUBSIDIARIES:

HC310: Thrift

Report the holding company's receivable from thrift subsidiaries, which is sometimes referred to as "advances to" or "due from." Include certain ESOP borrowings reflected on the thrift's books that are reported as receivables on a parent only basis.

HC320: Other Subsidiaries

Report the holding company's receivable from subsidiaries other than thrift subsidiaries, which is sometimes referred to as "advances to" or "due from".

INVESTMENT IN SUBSIDIARIES:

HC330: Thrift

Report the holding company's direct investment in thrift subsidiaries in a manner that reflects the equity method of accounting. If you are wholly owned, this line should equal your equity (SC80).

Report zero if this holding company is not the direct owner of the thrift.

HC340: Other Subsidiaries

Report the holding company's investment in subsidiaries other than thrift subsidiaries in a manner that reflects the equity method of accounting. If this holding company is not the direct owner of the thrift, report the holding company's investment in the mid-tier holding company.

INTANGIBLE ASSETS

HC350 MORTGAGE SERVICING ASSETS

Report the carrying amount of mortgage servicing assets.

HC360 NONMORTGAGE SERVICING ASSETS AND OTHER

Report the balance of the parent's nonmortgage servicing assets and other intangible assets.

Include on this line the following intangible assets taken from examples provided in FASB Statement No. 141:

1. Goodwill.
2. Customer relationships and customer lists, including core deposit premiums.
3. Employment agreements.
4. Noncompete agreements.
5. Lease agreements.
6. Computer software costs.

HC370 DEFERRED POLICY ACQUISITION COSTS

Report deferred policy acquisition costs (DPAC) incurred by insurance companies. DPAC includes variable acquisition costs such as commissions and underwriting and policy issuance expenses related to both new and renewal insurance policies and annuities.

INCLUDED IN TOTAL LIABILITIES (EXCLUDING DEPOSITS):

Borrowings, as the term is used here, means short-term or long-term debt, negotiated with specified terms, usually including interest rates and repayment dates. ***Borrowings*** exclude deposits and transactional liabilities, such as accounts payable, income taxes payable, and accrued liabilities.

PAYABLE TO SUBSIDIARIES:

Thrift Subsidiaries:

HC410: Transactional

Report the holding company's payable to thrift subsidiaries, which is sometimes referred to as "advances from" or "due to". Do not include amounts reported on HC420.

HC420: Debt

Report the amount of borrowings the holding company owes to the reporting thrift. Do not include amounts reported on HC410.

Other Subsidiaries:

HC430: Transactional

Report the holding company's payable to subsidiaries other than thrift subsidiaries, which is sometimes referred to as "advances from" or "due to". Do not include amounts reported on HC440.

HC440: Debt

Report the balance of the holding company's borrowings from its subsidiaries other than thrift subsidiaries. Do not include amounts reported on HC430 and HC445.

HC445: TRUST PREFERRED INSTRUMENTS

Trust preferred securities are typically issued to third party investors by a wholly owned trust of the holding company. The holding company typically borrows from the trust substantially all the net proceeds from issuance of the trust preferred securities. For parent only reporting, report the balance of the holding company's borrowings from the trust that issued the trust preferred securities.

Where the holding company's financial statements do not reflect consolidation of the financial statements of the trust that issued the trust preferred securities, the amounts in HC445 and HC 670 should be equal. If the trust is consolidated, report on HC 670 the balance of the trust preferred instruments.

HC450: OTHER DEBT MATURING IN 12 MONTHS OR LESS

Report all borrowings excluding deposits, payable to subsidiaries, and trust preferred securities that you would classify as current liabilities if the holding company were to present a classified balance sheet. Include such borrowings that, within the next 12 months, either (1) contractually mature; (2) are callable at the option of the lender; or (3) otherwise become due and payable.

Callable, as the term is used here, refers to an option by the lender to require repayment of the borrowing before its contractual maturity.

A ***classified balance sheet*** is one that includes subtotals for current assets and current liabilities. Most thrift holding companies do not present a classified balance sheet. However, for purposes of HC450/HC680 and HC460/HC690, classify all borrowings as either current or noncurrent. The parameters of current liabilities are detailed in Accounting Research Bulletin No. 43, *Restatement and Revision of Accounting Research Bulletins*, Chapter 3A, as revised by SFAS No. 78, *Classification of Obligations That Are Callable by the Creditor*.

Example: A holding company's borrowings, on a consolidated basis, include a FHLBank advance where the contractual maturity date is beyond the next 12 months. However, beginning on a date within the next 12 months, the FHLBank may exercise its option to require immediate repayment of the advance. You should include that advance in line HC450/HC680.

HC460: OTHER DEBT MATURING IN MORE THAN 12 MONTHS

Report all borrowings (other than payables to subsidiaries and trust preferred securities) **except**:

1. Debt maturing in 12 months or less reported on HC450/HC680.
2. Deposit and escrow liabilities held by you or any other subsidiary depository institution.

REFLECTED IN NET INCOME FOR THE QUARTER:

DIVIDENDS

As stated in the General Instructions to Schedule HC, the amounts in the "Parent Only" column should reflect the holding company's investment in subsidiaries, and the operations of those subsidiaries, under the equity method of accounting. Consistent with those instructions, the holding company's net income on a "Parent Only" basis, as reported on HC250, should reflect the holding company's equity in net income or loss of its subsidiaries. Typically, such income or loss is presented as two separate components:

1. Dividends from subsidiaries – that is, the **distributed** component, and
2. Equity in **undistributed** income or loss of subsidiaries.

Accordingly, report on HC525 and HC535 the dividends-from-subsidiaries component of the holding company's equity in income or loss of its directly owned subsidiaries.

For example, assume that the holding company's equity in the net income of its thrift subsidiary is $10 million; and that dividends declared by, and received from, the subsidiary are $3 million. The holding company's net income on a parent only basis reported on HC250, "Net Income for the Quarter", would include the $10 million. The holding company would report the $3 million on HC525. Note that the holding company's $7 million ($10 million - $3 million) undistributed income component of its equity in income of the thrift subsidiary would not be reported separately on Schedule HC.

HC525: From Thrift Subsidiaries

Report dividends from thrift subsidiaries in which you have direct ownership. Such dividends should be recognized by the holding company under the equity method of accounting.

HC535: From Other Subsidiaries

Report dividends from non-thrift subsidiaries recognized by the holding company under the equity method of accounting.

INTEREST EXPENSE

HC545: TRUST PREFERRED INSTRUMENTS

Report interest expense from borrowings from the trust that issues the trust preferred instruments.

HC555: ALL OTHER DEBT

Report interest expense, **excluding** interest expense on trust-preferred instruments and on deposit and escrow liabilities held by a subsidiary depository institution.

HC565: NET CASH FLOW FROM OPERATIONS FOR THE QUARTER

Report the net increase or decrease in cash and cash equivalents from **operating activities** for the quarter, as it would appear in a statement of cash flows prepared in accordance with FASB No. 95. **Do not include** any change in cash and cash equivalents from investing and financing activities.

CONSOLIDATED

Prepare the consolidated amounts on Schedule HC in accordance with GAAP unless specifically stated otherwise. All data is reported as of the end of the quarter, or in the case of income, expense, and other activity data, for the period of one calendar quarter. Report subsidiaries that are not GAAP-consolidated subsidiaries using the equity method of accounting.

HC600: Total Assets

Report total consolidated assets. Report details for components included in Total Assets on HC650 through HC660.

HC610: Total Liabilities

Report total consolidated liabilities. Report details for components included in Total Liabilities on HC670 through HC690.

HC620: MINORITY INTEREST

Report minority interest in common or preferred stock of consolidated subsidiaries where it is appropriate under GAAP to report this amount in a "mezzanine" category, that is, between liabilities and equity. Do not report on this line if the amount is included in line HC220/HC610, Total Liabilities.

Include:

1. Common and perpetual preferred stock issued by the holding company's consolidated subsidiaries to third parties constituting a minority interest.
2. REIT preferred stock issued by a consolidated subsidiary of the holding company to a third party that the holding company reports as a minority interest rather than as a liability on HC610.

For common or preferred stock issued by a consolidated subsidiary, that the holding company accounts for as a minority interest and include on this line, report the allocation of net income (for the common stock) or declaration of dividends (for the preferred stock) within HC640 as an expense.

Do not include:

1. Mandatorily redeemable preferred stock. Report on HC610, Liabilities.
2. Redeemable and perpetual preferred stock that was issued by consolidated subsidiaries and is owned by the holding company or its other subsidiaries. When making consolidating entries, eliminate the preferred stock of the consolidated subsidiary.
3. Deferred issuance costs.

HC630: Total Consolidated Equity

Report consolidated equity. Include perpetual preferred stock, common stock, accumulated other comprehensive income, retained earnings, and other components of equity capital. Generally, Total Consolidated Equity should be equal to parent only Total Equity (HC240). If HC240 and HC630 are not equal, explain the difference in a user note.

HC640: NET INCOME FOR THE QUARTER

Report consolidated net income for the quarter.

HC650: Mortgage Servicing Assets

Report servicing assets on mortgage loans only.

HC655: Nonmortgage Servicing Assets and Other

Report servicing assets of loans other than mortgages, such as automobile and credit card loans.

HC660: Deferred Policy Acquisition Costs

Report deferred policy acquisition costs (DPAC) incurred by insurance companies. DPAC includes variable acquisition costs such as commissions and underwriting and policy issuance expenses related to both new and renewal insurance policies and annuities.

HC670: Trust Preferred Instruments

Where the holding company's financial statements reflect consolidation of the financial statements of the trust that issued the trust preferred securities, report the balance of the trust preferred securities - not the balance of the holding company's borrowings from the trust. Where the trust's financial statements are consolidated with those of the holding company, the holding company's borrowings from the trust are eliminated in consolidation. Refer to HC445 for additional information on reporting of Trust Preferred Instruments. Where the holding company’s financial statements do not reflect consolidation of the financial statements, report the balance of the holding company borrowings from the trust.

HC680: Other Debt Maturing in 12 Months or Less

Report other debt (on a consolidated basis) that will mature in less than 12 months. If a direct thrift ownership by the parent exists, then this line should include the proportionate ownership of FHLB advances, repurchase agreements, and most of the items that would meet the definition of borrowings as reported on SC72 at the thrift level. Inter-company accounts should be eliminated through consolidation. See HC450 for further explanation.

HC690: OTHER DEBT MATURING IN MORE THAN 12 MONTHS

Report other debt (on a consolidated basis), that will mature in more than 12 months. If a direct thrift ownership by the parent exists, then this line should include the proportionate ownership of FHLB advances, repurchase agreements, and most of the items that would meet the definition of borrowings as reported on SC72 at the thrift level. Inter-company accounts should be eliminated through consolidation. See HC460 for further explanation.

INTEREST EXPENSE:

HC710: Trust Preferred Instruments

Where the holding company's financial statements do not reflect consolidation of the financial statements of the trust that issued the trust preferred instruments, report interest expense on the trust preferred instruments (this means that HC445 and HC670 will be equal). If the trust is consolidated, report on HC710 the dividends paid on the trust preferred instruments – not the interest expense on the holding company’s borrowings from the trust. Report Interest Expense on Trust Preferred Instruments. When the financial statements are consolidated with those of the holding company, the interest expense on the holding company's borrowings from the is eliminated in consolidation.

Where the holding company's financial statements reflect consolidation of the financial statements entity that issued the trust preferred securities, report on HC710 the dividends paid on the trust preferred securities - not the interest expense on the holding company's borrowings from the trust.

HC720: All Other Debt

Report Interest Expense on All Other Debt.

CASH FLOW:

HC730: Net Cash Flow from Operations for the Quarter

Report the net increase or decrease in cash and cash equivalents from operating activities for the quarter, as it would appear in a statement of cash flows prepared in accordance with FASB No. 95. **Do not include** any change in cash and cash equivalents from investing and financing activities.

SUPPLEMENTAL QUESTIONS

Answer Supplemental Questions (HC810 through HC880) for each designated holding company and its subsidiaries for activities that occurred during the quarter. HC810 through HC875 require either a **Yes** or **No** answer. HC876 through HC880 may be left blank if not applicable.

For purposes of the Supplemental Questions only (HC810 through HC880):

A ***subsidiary*** means any company which is owned or controlled directly or indirectly by a person, and includes any service corporation owned in whole or in part by a savings association, or a subsidiary of such service corporation. As the term is used here, a "subsidiary" may be a company whose assets and liabilities are not consolidated with those of the holding company.

A ***significant subsidiary*** is a subsidiary that meets any of the following criteria:

- Accounts for five percent or more of the consolidated assets of the company
- Accounts for five percent or more of the consolidated gross revenue of the company
- Engages in transactions with the thrift.

HC810: Have any significant subsidiaries of the holding company been formed, sold, or dissolved during the quarter?

Check ***Yes*** only if this activity occurred during this quarter. Do not include any organizational structure changes that occurred during a prior period. A significant subsidiary accounts for five percent or more of the consolidated assets of the structure or five percent or more of the consolidated gross revenue of the structure, or engages in covered transactions with the thrift as described in §563.41. If you are an insurance company, do not include a response for activity in Separate Accounts.

Is the holding company or any of its subsidiaries:

Check ***Yes*** for each that may apply to any organization within the holding company structure, including the holding company itself. More than one may be checked if appropriate. Answer ***No*** if not applicable.

HC815: A broker or dealer registered under the Securities Exchange Act of 1934?

HC820: An investment adviser regulated by the Securities Exchange Commission or any State?

HC825: An investment company registered under the Investment Company Act of 1940?

HC830: An insurance company subject to supervision by a State insurance regulator?

HC835: Subject to regulation by the Commodity Futures Trading Commission?

HC840: Regulated by a foreign financial services regulator?

HC845: Has the holding company appointed any new senior executive officers or directors during the quarter?

Check ***Yes*** if there has been a change during the quarter.

HC850: Has the holding company or any of its subsidiaries entered into a new pledge, or changed the terms and conditions of any existing pledge, of capital stock of any subsidiary savings association that secures short-term or long-term debt or other borrowings of the holding company?

Check ***Yes*** if there has been a change during the quarter.

HC855: Has the holding company or any of its subsidiaries implemented changes to any class of securities that would negatively impact investors?

Check ***Yes*** if there has been a change during the quarter. Examples of a change that could negatively impact investors could include, but is not limited to: default, collateral substitution, changes in repayment dates, interest dates, voting rights, or conversion options.

HC860: Has there been any default in the payment of principal, interest, a sinking or purchase fund installment, or any other default of the holding company or any of its subsidiaries during the quarter?

Check ***Yes*** if there has been a default during the quarter.

HC865: Has there been a change in the holding company's independent auditors during the quarter?

Check ***Yes*** if there has been a change during the quarter.

HC870: Has there been a change in the holding company's fiscal year-end during the quarter?

Check ***Yes*** if there has been a change during the quarter.

HC875: Does the holding company or any of its GAAP consolidated subsidiaries (other than the reporting thrift) control other U. S. depository institutions?

Check **Yes** if the holding company controls a U. S. depository institution (federal or state chartered) and it is included in its consolidated financial statements.

HC876 Through HC880: If located in the U.S. or its territories, provide the FDIC certificate number:

If the answer to HC875 is ***Yes***, list the five digit FDIC certificate number for each institution. If the answer to HC875 is ***No***, the lines should be left blank.

THIS PAGE INTENTIONALLY LEFT BLANK

Net
That which remains after making certain designated deductions from the gross amount.

Net Assets
The assets of an individual or entity remaining after all obligations have been met. Assets minus liabilities. The owners' equity.

Net Income
Gross income less expenses, including taxes, but before dividends.

Net Interest Margin
Interest income less interest expense, before the inclusion of noninterest income and deduction of noninterest expense. This is the gross margin for financial institutions.

Net Loss
The excess of expenses and losses over revenues and gains during a specified period of time. A negative net income.

Net Operating Income
Net interest margin less provision for losses and operating expenses plus noninterest income.

Net Operating Loss (NOL)
A loss for tax purposes that can be applied against net income from prior periods (NOL carry-back) or subsequent periods (NOL carry-forward) to reduce the tax liability of those periods.

Net Portfolio Value Model
A model used by the OTS to measure each association's exposure to interest rate risk by estimating how a change in interest rates affects the market value of its assets, liabilities, and off-balance-sheet.

Net Present Value
Sum of the future cash flows (positives and negatives) discounted to present value under the theory that money received today is worth more than the same amount received in the future.

Net Profit
See Net Income.

Net Realizable Value (NRV)
The estimated sales price from a property, reduced by the sum of:

(1) Direct selling expenses such as sales commissions, cost of title policy, etc.

(2) Costs of completion or improvement necessary for sale.

(3) Direct holding costs, net of rental or other income, including taxes, maintenance, insurance, and cost of all capital, debt and equity, during the period held for sale.

Net Undistributed Income
Profit earned but not distributed to stockholders.

Net Worth
The owner's equity. Assets less liabilities, deferred income, redeemable preferred stock, and minority interest. Also called net assets, equity, stockholders' equity, and equity capital. *See* Capital.

NOL
Net operating loss.

Nominal Interest Rate
The stated or contractual interest rate in a loan agreement, bond, or other security, which may differ from the effective interest rate.

Nonconforming Loans

A real estate mortgage loan is **nonconforming** if the unpaid principal balance or unexpired term exceeds lending limits set by purchasers or guarantors of mortgages in the secondary market – Freddie Mac, Fannie Mae, etc.

Nonmortgage Loan

An advance of funds not secured by a lien on real estate. See Loan.

Nonperformance

The failure of a contracting party to provide goods or services according to an agreement.

Nonperforming Assets

Assets that do not earn income, including those originally acquired to earn income (delinquent loans) and those not intended to earn income (fixed assets). Typically assets originally acquired to earn income are deemed nonperforming when (1) full payment of interest or principal is no longer anticipated, or (2) the principal or interest that is due at a regularly scheduled payment date or the maturity date is 90 days or more delinquent even if the asset is still in accrual status. Nonperforming loans that are restructured continue to be considered nonperforming until a cash payment from the borrower brings the loan current under its restructured terms; for instance, a loan cannot be taken out of the nonperforming category simply by restructuring the loan.

Nonresidential Mortgage Loan

A mortgage loan secured by nonresidential property such as an office building, store, factory, church, or vacant land.

Note

An instrument that bears the recognized legal evidence of debt. A note is signed by the maker (borrower) and promises to pay a specified sum of money to the lender at a certain future date and place.

Notional Principal

The amount of principal underlying an interest rate swap transaction, and upon which the swap payment calculation is based. See Interest-rate Swaps.

NRV

Net Realizable Value.

o

Oakar

An "Oakar" savings association is a savings association (OTS-regulated institution) that was a member of one insurance fund, generally the Savings Association Insurance Fund (SAIF), and acquired deposits insured by a secondary insurance fund, generally the Bank Insurance Fund (BIF), by means of a so-called "Oakar transaction." The most common Oakar transaction occured when a SAIF-member acquired deposits from a BIF-member, either by means of a whole-institution acquisition or through a branch acquisition. The reverse, an acquisition of SAIF-insured deposits by an OTS-regulated, BIF-member ("BIF HOLA" savings association), was also considered an "Oakar transaction." BIF and SAIF were merged into the Deposit Insurance Fund in April 2006 pursuant to the Federal Deposit Reform Act of 2005.

OBS

Off-balance-sheet.

Occupancy Rate

The percentage of space or units that are leased or occupied. The inverse of the vacancy rate.

OFHEO

Office of Federal Housing Enterprise Oversight.

Off-Balance-Sheet

An asset or obligation that in accordance with GAAP you do not report on the balance sheet. Such as commitments to originate loans, undisbursed loan balances, unused letters of credit, etc.

SCHEDULE DI —CONSOLIDATED DEPOSIT INFORMATION

*Throughout these instructions, **you** and **your** refers to the savings association and its consolidated subsidiaries; **we** and **our** refers to the Office of Thrift Supervision.*

DEPOSIT DATA:

TOTAL BROKER-ORIGINATED DEPOSITS:

DI100: Fully Insured

Report brokered deposits included on SC710, Deposits, and SC712, Escrows, and received from brokers, dealers, or agents, for the account of others where the individual account balance is equal to or less than the account insurance limit.

DI110: Other

Report brokered deposits included on SC710, Deposits, and SC712, Escrows, received from brokers, dealers, or agents, for the account of others where the individual account exceeds the account insurance limit. Report the full amount of the deposit, both insured and uninsured portions.

DEPOSITS (EXCLUDING RETIREMENT ACCOUNTS) WITH BALANCES:

DI120: $100,000 or Less

Report deposits (excluding retirement accounts) included on SC710, Deposits, and SC712, Escrows, with current balances of $100,000 or less. Include broker-originated deposits (excluding retirement accounts) where the current balances of the investors' participating shares are $100,000 or less.

DI130: Greater than $100,000

Report deposits (excluding retirement accounts) included on SC710, Deposits, and SC712, Escrows, with current balances greater than $100,000. Include broker-originated deposits (excluding retirement accounts) where the current balances of the investors' participating shares exceed $100,000.

NUMBER OF DEPOSIT ACCOUNTS (EXCLUDING RETIREMENT ACCOUNTS) WITH BALANCES:

DI150: $100,000 or Less

Report the actual number of accounts (excluding retirement accounts) that have outstanding balances of $100,000 or less. Do not report the outstanding balances. Report each investor participation in a broker-originated deposit (excluding retirement accounts) as a separate account. Report the actual number; do not round to thousands.

The sum of DI150, DI160, DI180, and DI185 must equal the total number of deposit accounts that you hold and that you report on SC710, Deposits, and SC712, Escrows.

DI160: Greater than $100,000

Report the actual number of accounts (excluding retirement accounts) that have outstanding balances greater than $100,000. Do not report the outstanding balances. Report each investor participation in a broker-originated deposit as a separate account. Report the actual number; do not round to thousands.

The sum of DI150, DI160, DI180, and DI185 must equal the total number of deposit accounts that you hold and that you report on SC710, Deposits, and SC712, Escrows.

RETIREMENT DEPOSITS WITH BALANCES:

DI170: $250,000 or Less

Report retirement deposits included on SC710, Deposits, and SC712, Escrows, with current balances of $250,000 or less. Include broker-originated deposits where the current balances of the investors' participating shares are $250,000 or less.

DI175: Greater than $250,000

Report retirement deposits included on SC710, Deposits, and SC712, Escrows, with current balances greater than $250,000. Include broker-originated deposits where the current balances of the investors' participating shares exceed $250,000.

NUMBER OF RETIREMENT DEPOSIT ACCOUNTS WITH BALANCES:

DI180: $250,000 or Less

Report the actual number of retirement accounts that have outstanding balances of $250,000 or less. Do not report the outstanding balances. Report each investor participation in a broker-originated retirement deposit as a separate account. Report the actual number; do not round to thousands.

The sum of DI150, DI160, DI180, and DI185 must equal the total number of deposit accounts that you hold and that you report on SC710, Deposits, and SC712, Escrows.

DI185: Greater than $250,000

Report the actual number of retirement accounts that have outstanding balances greater than $250,000. Do not report the outstanding balances. Report each investor participation in a broker-originated retirement deposit as a separate account. Report the actual number; do not round to thousands.

The sum of DI150, DI160, DI180, and DI185 must equal the total number of deposit accounts that you hold and that you report on SC710, Deposits, and SC712, Escrows.

DI200: IRA/KEOGH ACCOUNTS

Report IRA and Keogh accounts included in SC710, Deposits, and SC712, Escrows.

Include other retirement accounts such as SEP accounts.

Do not include:

1. 401(k) accounts.
2. Accounts that, under applicable tax laws, are predominantly for uses other than retirement.

DI210: UNINSURED DEPOSITS

Institutions with less than $1 billion in total assets are not required to complete this item. Institutions with $1 billion or more in total assets are required to report these data. To determine whether to complete this item, use your institution's total assets from line SC60 as of the June 30 TFR prior to or current with the current reporting cycle. Once an institution passes the $1 billion total assets threshold, it must continue to report its estimated uninsured deposits regardless of subsequent changes in its total assets.

Report the uninsured portion of all deposits and escrows in excess of insured limits pursuant to Section 141 of the FDIC Improvement Act, **FDICIA**.

You may not be able to precisely determine the amount of uninsured deposits due to the lack of information about interests by other parties in certain deposit accounts. However, you should diligently seek the best estimate of your uninsured deposits. You should derive the estimate from your existing information systems or personal knowledge of your depositor base.

Include:

1. Deposits and escrows collateralized by your assets that are in excess of deposit insurance limits, such as municipal deposits.
2. Deposits and escrows in excess of FDIC insurance limits even if you obtain private insurance.

DI220: PREFERRED DEPOSITS

Report all deposits and escrows from states and political subdivisions in the U.S. included in SC710, Deposits, secured or collateralized as required under state law, pursuant to Section 141 of FDICIA.

Do not include:

1. Deposits of the U.S. Government secured or collateralized as required under federal law.
2. Deposits of trust funds secured or collateralized as required under state law unless the beneficiary is a state or political subdivision in the U.S.

State law may require you to pledge securities or other readily marketable assets to cover the uninsured portion of the deposits of a state or political subdivision. If you pledge securities with a value that exceeds the amount of the uninsured portion of the state or political subdivision’s deposits, report only the uninsured amount and none of the insured portion of the deposits as a preferred deposit.

For example, you hold a political subdivision’s $350,000 in deposits. Under state law, you must pledge securities to cover only the uninsured portion of such deposits, or $250,000. Although you have pledged securities with a value of $300,000 to secure these deposits, consider only $250,000 of the political subdivision’s $350,000 in deposits – the uninsured amount – as preferred deposits.

In other states, you must participate in a state public deposits program to receive deposits from the state or from political subdivisions within the state in amounts exceeding federal deposit insurance. Under state law, you calculate annually the value of the securities you must pledge to the state, but this represents only a percentage of the uninsured portion of your public deposits. State law may require you to participate in the state program that may ultimately require you 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, you protect all of your uninsured public deposits from loss under the operation of the state program if you fail. Therefore, consider all of the uninsured public deposits preferred deposits.

For example, you are participating in a state public deposits program with $1,000,000 in public deposits under the program and $700,000 of this amount is uninsured; you pledge securities with an actual value of $800,000. You should report the $700,000 in uninsured public deposits as preferred deposits.

COMPONENTS OF DEPOSITS AND ESCROWS:

The sum of DI310, DI320, DI330, and DI340 must equal SC710 plus SC712.

DI310: Transaction Accounts (Including Demand Deposits)

Report the balance of all transaction accounts included in SC710, Deposits, and SC712, Escrows.

Transaction accounts are those deposit and escrow accounts from which the depositor is permitted to make:

- Transfers or withdrawals by negotiable or transferable instruments.
- Payment orders of withdrawal, telephone transfers, or other similar devices for purpose of making payments or transfers to third persons or others.
- Third party payments at an automated teller machine (ATM), a remote service unit (RSU), or other electronic device, including by debit card.

Transaction accounts include demand deposits, NOW (negotiable order of withdrawal) accounts, ATS (automatic transfer service) accounts, and telephone and preauthorized transfer accounts. These accounts may be interest-bearing or non-interest-bearing.

Exclude money market deposit accounts (MMDAs) and other savings deposits as defined below in DI320 and DI330, even though such deposits permit some third-party transfers. However, report as a transaction account an account that otherwise meets the definition of a savings deposit but that authorizes or permits the depositor to exceed the transfer limitations specified for that account.

DI310 plus DI320 plus DI330 plus DI340 must equal SC710 plus SC712.

DI320: Money Market Deposit Accounts

Report the balance of money market deposit accounts (MMDAs) as defined in 12 CFR §561.28 or applicable state law.

MMDAs generally have the following requirements:

- The savings association reserves the right to require at least seven days' notice prior to withdrawal or transfer of funds in the account.
- The depositor may make no more than six transfers per calendar month or statement cycle, provided that no more than three of the six transfers may be by check, draft, debit card, or similar order.

Refer to 12 CFR §561.28 for more detailed requirements of MMDAs.

DI330: Passbook Accounts (Including Nondemand Escrows)

Report the balance of nontransactional savings accounts that are not MMDAs or time deposits.

DI340: Time Deposits

Report the balance of time deposits. Time deposits are nontransactional savings deposits payable at a specified future date with earnings at a specified rate of interest. The interest specified may adjust periodically according to a predetermined formula or index or may be fixed for the term of the deposit. The specified maturity date must be not less than seven days after the date of the deposit. Time deposits may be an open savings deposit or may be evidenced by a negotiable or nonnegotiable instrument or receipt commonly known as a certificate of deposit (CD). Open time deposits include club accounts, such as Christmas club and vacation club accounts, are made under written contracts that provide that no withdrawal may be made until the customer makes a certain number of periodic deposits or a certain period of time has elapsed.

DEPOSIT AND ESCROW DATA FOR DEPOSIT INSURANCE PREMIUM ASSESSMENTS:

DI610: NON-INTEREST-BEARING DEMAND DEPOSITS

Report all demand deposits reported on SC710, Deposits, and SC712, Escrows. FDIC Regulations 12 CFR § 329.1, 329.101, and 329.102 define the demand deposits to report on this line.

A demand deposit is a non-interest-bearing deposit with the following characteristics:

1. Is payable immediately on demand.
2. Is issued with an original maturity or required notice period of less than seven days.
3. Where the depository institution does not reserve the right to require at least seven days' written notice of an intended withdrawal.

Demand deposits include:

1. Matured time deposits that do not have automatic renewal provisions, unless the deposit agreement provides for the transfer of funds at maturity to another type of account.
2. Escrow accounts reported on SC712 that meet the definition of demand deposits.
3. Outstanding checks drawn against zero-balance accounts reported on SC710, including those at Federal Home Loan Banks.

Demand deposits do not include:

1\. Money market deposit accounts, MMDAs.

1\. NOW accounts not meeting the three criteria listed above for demand deposits.

2\. Deposits held either in branches outside of the territories and possessions of the U.S. or by an Edge or Agreement Subsidiary or by an International Banking Facility (IBF).

3\. Amounts not included in SC710 or SC712, such as outstanding checks drawn against Federal Home Loan Banks reported on DI620 and deposits of consolidated subsidiaries eliminated in consolidation and reported on DI640.

DI620: OUTSTANDING CHECKS DRAWN AGAINST FHLBANKS AND FEDERAL RESERVE BANKS NOT INCLUDED IN SC710

Report the amount of outstanding checks drawn on, or payable at or through, Federal Home Loan Banks and Federal Reserve Banks, if you deduct the amount from assets reported on SC110, Cash and Non-interest-earning Deposits, or SC112, Interest-earning Deposits in FHLBs.

Include outstanding checks drawn on non-zero-balance accounts only. Report outstanding checks drawn on zero-balance accounts or accounts not routinely maintained with sufficient balances to cover checks drawn in the normal course of business on SC710, Deposits.

Do not report this amount on DI610, Non-interest-bearing Demand Deposits, because we will add DI620 to DI610 in calculating total demand deposits for purposes of deposit premium assessments.

DEPOSITS OF CONSOLIDATED SUBSIDIARIES:

DI640: Demand Deposits

Report all demand deposits and demand escrows of subsidiaries held by you that have been eliminated from your assets through consolidation.

The demand deposits and escrows reported here have not been reported in SC710 or SC712, because you eliminated them in consolidation.

If you hold escrows for a consolidated subsidiary and the escrow remains a liability to a third party, you should not eliminate the escrow in consolidation and you should report it on SC712. To avoid double counting these escrows, do not include them on DI640 or DI650. Report only deposits and escrows of subsidiaries that you do not report on either SC710 or SC712.

DI650: Time & Savings Deposits

Report all deposits and escrows of subsidiaries held by you that you have eliminated from your assets through consolidation and have not reported on DI640 as demand deposits. Include the interest accrued and unpaid on such deposits and escrows.

The demand deposits, escrows, and accrued interest reported here have not been reported in SC710, SC712, or SC715, because you eliminated them in consolidation.

If you hold escrows at the thrift level for a consolidated subsidiary, you eliminate the deposit in consolidation, but the escrow remains a liability and you should report it on SC712. To avoid double counting these escrows, do not include them on DI640 or DI650. Report only deposits and escrows that you do not report on either SC710 or SC712.

DI700: ADJUSTMENTS TO DEPOSITS FOR DEPOSITORY INSTITUTION INVESTMENT CONTRACTS AND DEPOSITS IN FOREIGN OFFICES, EDGE AND AGREEMENT SUBSIDIARIES, AND IBFS (INCLUDING ACCRUED INTEREST)

Report the amount of liabilities arising under the following:

1. Investment contracts reported as deposits in Schedule SC, but not treated as insured deposits as defined in Section 11(a)(8) of the Federal Deposit Insurance Act, FDIA. A Depository Institution Investment Contract is a separately negotiated depository agreement between an employee benefit plan and an insured depository institution that guarantees a specified rate for all deposits made over a prescribed period and expressly permits benefit-responsive withdrawals or transfers.
2. Deposits held either in branches outside of the territories and possessions of the United States or by an Edge or Agreement Subsidiary, or by an International Banking Facility, IBF, including any accrued interest.

Include these contracts and deposits in SC710, Deposits, for reporting purposes. The FDIC will deduct them from deposits on your deposit premium assessment. Also include the related accrued interest that you reported on SC763, Accrued Interest Payable - Deposits.

DI710: ADJUSTMENTS TO DEMAND DEPOSITS FOR RECIPROCAL DEMAND BALANCES WITH COMMERCIAL BANKS AND OTHER SAVINGS ASSOCIATIONS

When reporting deposit liabilities in Schedule SC, you may report reciprocal balances on a net basis when a right of offset exists. However, the Federal Deposit Insurance Act (FDI Act) affects the extent to which you may net reciprocal balances for deposit insurance and FICO assessment purposes. Thus, you may have reported your reciprocal balances, if any, in Schedule SC differently than required for assessment purposes. There are three “reciprocal” situations where you may need to make further adjustment for FDIC and FICO assessment purposes:

1. Those where no right of offset exists.

   For each reciprocal demand balance relationship with the domestic offices of U. S. banks and savings associations (and insured branches in Puerto Rico and U. S. territories and possessions) that you reported on a gross basis in Schedule SC (those where no right of offset exists), include the amount by which demand deposits would be reduced if such balances had been reported on a net basis. You cannot include overdrawn balances in this calculation.

2. Those involving cash items in process of collection.

   For deposit insurance purposes under the FDI Act, include cash items in process of collection in the net reciprocal calculation. If you did not include cash items in process of collection in the calculation of net reciprocal balances on Schedule SC, include the amount by which demand deposits would be reduced if cash items in process of collection were included in the reporting institution’s calculation of net reciprocal demand balances.

3. Those involving foreign banks or offices.

   If you reported any reciprocal demand balances with foreign banks and foreign offices of U. S. banks (other than insured branches in Puerto Rico and U. S. territories and possessions) on a net basis on Schedule SC, include as a negative number here the amount by which demand deposits would be increased if these reciprocal demand balances had instead been reported on a gross basis.

OTHER AMOUNTS NECESSARY TO ADJUST DEPOSITS REPORTED ON SC710 (REPORTED IN ACCORDANCE WITH GAAP) TO CONFORM TO THE DEFINITION OF DEPOSITS IN ACCORDANCE WITH THE FEDERAL DEPOSIT INSURANCE ACT:

Generally accepted accounting principles, GAAP, permit savings associations to offset or net assets and liabilities when a right of setoff exists. However, under the FDI Act, you may only net certain specified assets against deposit liabilities for deposit insurance and FICO assessment purposes. Thus, deposits reported on the balance sheet, Schedule SC, and elsewhere in Schedule DI may be different than required for assessment purposes. For example, you may exclude hypothecated demand deposits from the deposit base for premium insurance assessment purposes; and you must include dealer’s reserves as deposits under the FDI Act.

Example 1:
A savings association has a $200,000 asset and a $500,000 deposit liability for which a right of setoff exists under GAAP. The savings association nets the asset and liability on its balance sheet, Schedule SC, and reports a net $300,000 deposit liability. The savings association should report $200,000 on DI720 or DI730, depending on the type of deposit involved in the netting.

Example 2:
A savings association has a $400,000 asset and a $250,000 deposit liability for which a right of setoff exists under GAAP. The savings association nets the asset and liability on its balance sheet, Schedule

SC, and reports a net $150,000 asset. The savings association should report $250,000 on DI720 or DI730, depending on the type of deposit involved in the netting.

DI720: Adjustment to Demand Deposits (including escrows)

Report all adjustments to demand deposits, as defined in the instructions for DI610, including escrows.

DI730: Adjustment to Time and Savings Deposits (including escrows)

Report all adjustments to deposits not included in DI720.