



## Federal Deposit Insurance Corporation Assessable Deposit Compliance Program

# DEPOSIT REPORTING SELF ASSESSMENT GUIDE FOR BANKS

### CONTENTS

Loan Related Deposits	<u>2</u>
Serviced Loans for Others	<u>2</u>
Refundable Stock Subscription Payments	<u>3</u>
Rejected Credit Items	<u>3</u>
Overdrafts	<u>3</u>
Cash Management Agreements	<u>4</u>
Rejected Debit Items	<u>4</u>
DDA Sweeps	<u>4</u>
Deposit Items in Assets	<u>5</u>
Deposit Items in Other Liabilities	<u>5</u>
Eligible Debit Reductions	<u>5</u>
Accrued Interest	<u>6</u>
Unposted Debits & Credits	<u>6</u>
Subsidiary Deposit Eliminations	<u>7</u>
U.S. Territories and Possessions	<u>7</u>
Pass-Through Reserves	<u>8</u>
Unamortized Premiums and Discounts	<u>8</u>
Reciprocal Balance Adjustments	<u>9</u>
Assets Netted Against Deposits	<u>11</u>
Oakar Institutions	<u>12</u>

Dear Chief Executive Officer,

*This guide is intended for use as a reference and as a self-assessment tool for properly reporting your Call Report deposits per Schedule RC-E, RC-G, and RC-O. It addresses some of the most prevalent reporting errors our analysts are currently encountering. We encourage you to forward this guide to your regulatory compliance officer for utilization within their responsibilities.*

*It is **NOT** necessary to respond back to us. This guide is intended for your internal use only. If your regulatory reporting staff has any questions, concerns, or issues regarding the proper reporting of assessable deposits, please do not hesitate to have them contact us at (972)761-2169 or [DCAS@fdic.gov](mailto:DCAS@fdic.gov).*

*The Assessable Deposit Compliance Program is working to improve assessable deposit reporting industry-wide. This Deposit Reporting Self Assessment Guide is intended to help accomplish that work by assisting the preparers of the Call Report in understanding and properly applying assessable deposit reporting standards as set forth in the Federal Deposit Insurance Act, the FDIC Rules and Regulations, and the Call Report Instructions.*

Sincerely,

David Wisnewski  
Financial Manager  
Assessable Deposit Compliance Program

## The Following Group of Questions Pertain to Schedule RC-E Deposit Liabilities; Line Item 7 - Total Deposits

***Section 3(1) of the FDI Act includes in the definition of deposits, money received or held by a bank, or credit given for money received or held by a bank in the usual course of business for a specific purpose. These may include loan transactions. Examples of monies received or held specifically for loan transactions that would be deposits are refundable loan commitment fees, escrows, and remittances for loans serviced for others.***

### Question Number 1

Are refundable loan commitment fees held included as deposits?

- Yes                      These fees should be reported as deposits as they are not considered bank funds until the loan closes.  
 No  
 Not Applicable

### Question Number 2

If your bank's loan portfolio includes mortgage loans which you service and hold escrows, do you include the escrows in deposits?

- Yes                      Escrows are sometimes overlooked as reportable deposits. Taxes, insurance and other impound amounts collected and held by the servicing bank are defined as deposits. Escrow balances on your loans serviced by others are reported as deposits by the other bank.  
 No  
 Not Applicable

### Question Number 3

If you service loans for others, do you report unremitted payments as well as escrow balances as deposits?

- Yes                      If your bank services loans for others, funds received by your bank in connection with these loans, that have not been remitted, are reportable as deposits by your bank.  
 No  
 Not Applicable

### Question Number 4

If your bank's loan portfolio includes credit cards, are customer overpayments included in deposits?

- Yes                      Overpayments by credit card customers on their account balances meet the definition of deposits and should be reported.  
 No  
 Not Applicable

### Question Number 5

Are funds held in connection with traveler's checks sold, money orders sold, and other such checks included in deposits?

- Yes                      Funds held in connection with these items are reportable deposits for assessment purposes.  
 No  
 Not Applicable

**Special Note**  
**Negative escrow balances must not be offset against positive escrow balances in order to effect a total "net" amount reported.**

## Schedule RC-E - Deposit Liabilities; Line Item 7 - Total Deposits - Continued

### Question Number 6

If your bank draws checks on or payable at or through, a Federal Reserve Bank or a Federal Home Loan Bank, are outstanding checks included in deposits?

- Yes  
 No  
 Not Applicable
- Outstanding checks drawn on the FHLB or the FRB are commonly overlooked deposits which are reportable for assessment purposes.

### Question Number 7

If your bank has refundable stock subscription payments, are payments received and held prior to the issuance of stock included in deposits?

- Yes  
 No  
 Not Applicable
- These funds held by the bank are deposit liabilities until the stock is issued or until refunded to the customer / investor.

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***The Call Report Instructions provide that specific credit items that could not be posted to individual deposit accounts but that have been credited to the control accounts of the various deposit categories on the general ledger should be included in deposits. These types of items are often referred to as credit rejects (unposted, nonposted) and can often be found on the bank's deposit processing systems control summary reports.***

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### Question Number 8

Are the gross rejected credits (unposted, nonposted, etc.) recorded in a general ledger account included in the *deposit category* of accounts?

- Yes  
 No  
 Not Applicable
- The rejected credits referred to are those deposits that have been put through your deposit processing system(s), but could not, for whatever reason, be posted to the customer's deposit account.

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***Section 7(a)(4) of the FDI Act provides that deposits must be reported without any reduction for indebtedness. As overdrafts are considered loans, they should not be reported as reductions to deposits in Schedule RC-E but should be reported as loans in Schedule RC-C (Loans and Lease Financing Receivable).***

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### Question Number 9

Does the amount reported in Schedule RC-E, Line Item 7 (column B) include the restoration (adding back) of gross overdrafts charged to deposit accounts?

- Yes  
 No  
 Not Applicable
- Overdrafts included with reported deposits have the effect of reducing those deposits and must be added back in order to report deposits properly.

**Special Note**  
 Many banks continue to overlook the requirement to add back overdrafts to their Schedule RC-E reported deposits.

### Question Number 10

Are gross overdrafts reclassified to an asset account in Schedule RC-C?

- Yes  
 No  
 Not Applicable
- The debit offset to the amount of overdrafts added back to deposits (see Question 9) should be reflected here.

## Schedule RC-E - Deposit Liabilities; Line Item 7 - Total Deposits - Continued

### Question Number 11

If you engage in Cash Management Agreements, are all reductions to gross overdrafts reviewed to determine their adherence to eligibility requirements?

- Yes                    See Schedule RC-E, page 2, paragraph (6), of the March 31, 2001, Call Report Instructions for eligibility requirements regarding reductions to gross overdrafts.
- No                        Also see page A-14 of the Cash Management Arrangements section of the June 30, 2001, Call Report Instruction Book Update.
- Not Applicable

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***The Call Report Instructions state that the gross amount of debit items charged to deposit control accounts that cannot be posted to individual deposit accounts without creating overdrafts (or for some reason other than overdrafts) should be added back to deposits. Examples of these debit items would be stop payment, missing endorsement, post or stale date, account closed or non-sufficient funds. These rejected debits can often be found on the bank's deposit processing systems control summary reports.***

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### Question Number 12

Are the gross rejected debits (unposted, nonposted, etc.) from the bank's deposit processing system charged to control accounts in a *deposit category* on the general ledger?

- Yes                    If rejected debits are charged to deposit control accounts, they should be restored to deposits (added back) and reclassified to Schedule RC-F, Line Item 5.
- No
- Not Applicable

**Special Note**  
**The incorrect reporting of ineligible debit reject items is one of the most prevalent types of reporting inaccuracies identified.**

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***A DDA sweep is a method of investing excess cash of demand deposit account customers in short-term investment vehicles. These investments may be either internal or external. Internal sweeps (to/from repos, fed funds, MMDA's, etc.) usually occur on a same-day basis; however, external sweeps to third party investment firms often occur on a day-lag basis.***

***Funds swept to a third party investment firm on a same-day basis usually cause no problems because the settlement for purchases will already have been made and a wire will already have been sent or received.***

***Funds swept on a day-lag basis can result in misreported deposits. When funds are swept on a day-lag basis, a suspense account(s) is often used. Such an account will contain credits that represent funds taken from customers' accounts for purchases (investment), and debits that represent receivables from sales (disinvestments). The credits in this account(s) represent deposit liabilities. However, the debit receivables ARE NOT legitimate reductions of deposits. Accordingly, such accounts should be analyzed to determine the amount of gross credits and gross debits. The credits must be reported in deposits in Schedule RC-E; any debits that have reduced deposits must be restored (added back).***

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### Question Number 13

Does your institution (wire) sweep customers' excess cash to an external source on a next business day (day-lag) basis?

- Yes                    Any suspense account used to reflect credits for investments should be included with deposits. Any suspense account used to reflect debits for disinvestments should NOT be classified with deposits.
- No
- Not Applicable

*The Call Report Instructions include as deposits, credit items not yet posted to deposit accounts that are carried in suspense or similar nondeposit accounts. Such accounts may be known as interoffice or suspense accounts. These balances as of the Call Report date should not automatically be reported as Other Assets or Other Liabilities. Some examples of these accounts would be incoming or outgoing wires recorded in suspense accounts on the report date, ACH credits recorded in suspense accounts on the report date, dealer reserves, escheated funds, security (sales) fails and employee withholdings.*

Question Number 14

Is a review of asset accounts performed to identify material credit amounts that should be classified as deposits?

- Yes
  - No
  - Not Applicable
- Credit balance general ledger asset accounts frequently have the characteristics of reportable deposits. A review should be performed as a part of the report preparation process to identify whether material credit asset accounts are actually reportable deposits.

**Special Note**  
 The omission of assessable deposits classified in the "other liabilities" section of the balance sheet is another of the most prevalent types of reporting errors encountered.

Question Number 15

Is a review of liability accounts performed to identify material credit amounts that should be classified as deposits?

- Yes
  - No
  - Not Applicable
- Other liability accounts frequently have the characteristics of reportable deposits. A review should be performed as a part of the report preparation process to identify whether material other liability accounts are actually reportable deposits.

*Deposit accounts, as defined in Section 3(l) of the FDI Act, on an institution's general ledger should, as a general rule, run credit balances. However, some accounts may have debit balances, the effect of which is to reduce reported deposits. These debit amounts may be eligible to reduce deposits if they comply with the definition of "Unposted Debits" in Schedule RC-O, Line Item 1.*

Question Number 16

Are debit balances in deposits reviewed to determine their eligibility to reduce deposits?

- Yes
  - No
  - Not Applicable
- Proof of eligibility must include documentation that conclusively shows each individual debit amount did not cause an overdraft when applied to the individual customer's account, or they were not for items drawn against closed accounts, payment stopped items, missing endorsements, post or stale dated items, or items that were returned to the last endorser for any reason. It is not permissible to "net" gross debits against gross credits if an account includes both.

**Special Note**  
 Remember, accrued interest on borrowings is not an assessable deposit and must not be included in Schedule RC-G reported deposits

Question Number 17

If they are not reviewed or if they are reviewed and are ineligible, are they restored (added back) to deposits for reporting purposes?

- Yes
  - No
  - Not Applicable
- All ineligible debit items that are included in general ledger deposit account balances (serve to reduce these balances) must be restored (added back) to Schedule RC-E reported deposits.

**The Following Question Pertains to Schedule RC-G;  
Other Liabilities**

**Line Item 1.a. - Interest Accrued and Unpaid on Deposits ( in Domestic Offices )**

Question Number 18

Is interest accrued and unpaid on domestic deposits reported in Schedule RC-G, Line Item 1.a.?

- Yes  
 No  
 Not Applicable

Interest accrued and unpaid on domestic deposits is considered a deposit liability; however, it is not reported in Schedule RC-E. This line item is included with deposits on the FDIC Quarterly Payment Invoice and assessment premiums are paid on them.

**The Following Group of Questions Pertain to Schedule RC-O;  
Other Data for Deposit Insurance and FICO Assessments**

**Line Items 1.a., 1.b.(1), 1.b.(2) – Unposted Debits**

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*Report the actual amount of cash items in the bank's possession, drawn on itself, that are immediately chargeable but that have not been charged to the general ledger deposit control account at the close of business on the report date. Exclude cash items drawn on other banks, overdrafts, non-sufficient funds (NSF) items and cash items that are returned unpaid to the last endorser for any reason (e.g., stop payment, missing endorsement, post or stale date, or account closed).*

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Question Number 19

Do you reduce deposits by cash items that are in the bank's possession, drawn on itself, that are immediately chargeable and meet the definition of Unposted Debits?

- Yes  
 No  
 Not Applicable

Any such reductions should be reported in Schedule RC-O, Line Items 1.a., 1.b.(1), or 1.b.(2). Line Items 1.b.(1) and 1.b.(2) are for demand and time & savings deposits, respectively. Line Item 1.a. is used if demand and time & savings items are co-mingled.

**Line Items 2.a., 2.b.(1), 2.b.(2) – Unposted Credits**

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*Report the actual amount of unposted credits to deposit accounts. Unposted credits are those deposits that have been received by the bank but not posted to its general ledger deposit control account at the close of business on the report date and have not otherwise been reported as deposits.*

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Question Number 20

Do you include in deposits those funds received by the bank, or any of its insured branches, which are recorded in suspense or similar non-deposit accounts and not reclassified to deposits on the bank's general ledger as of close of business on the report date?

- Yes  
 No  
 Not Applicable

Any such deposits should be reported in Schedule RC-O, Line Items 2.a., 2.b.(1), or 2.b.(2). Line Items 2.b.(1) and 2.b.(2) are for demand and time & savings deposits, respectively. Line Item 2.a. is used if demand and time & savings items are co-mingled.

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## Schedule RC-O; Other Data for Deposit Insurance and FICO Assessments - Continued

### Line Items 4.a., 4.b., 4.c. - Deposits and Accrued Interest of Consolidated Subsidiaries in Domestic Offices and in Insured Branches in Puerto Rico and U.S. Territories and Possessions

*All deposits and unpaid accrued interest of consolidated subsidiaries reported in the Report of Condition must be eliminated from deposits reported in Schedules RC-E and RC-G, respectively. These eliminated deposits and interest accrued and unpaid on deposits should be reported in Schedule RC-O, Line Items 4.a., 4.b., or 4.c.*

#### Question Number 21

Does the bank hold demand or time & savings deposits of any subsidiaries?

- Yes  
 No  
 Not Applicable

Subsidiary deposits eliminated during the consolidation process should be restored. Eliminated demand deposits should be added back in Schedule RC-O, Line Item 4.a. Eliminated time and savings deposits should be added back in Schedule RC-O, Line Item 4.b. Any accrued interest that was eliminated should be added back in Schedule RC-O, Line Item 4.c.

**Special Note**  
 Although a bank may correctly eliminate subsidiary deposits from Schedule RC-E reported deposits for consolidation purposes, they often fail to add them back through Schedule RC-O.

#### Question Number 22

Does the bank eliminate any subsidiaries in the consolidation of an insured branch in Puerto Rico or any U.S. territory or possession? This answer would automatically be "no" if the bank does not file an FFIEC Report 031, Consolidated Report of Condition and Income for a Bank with Domestic and Foreign Offices.

- Yes  
 No  
 Not Applicable

Subsidiary deposits eliminated during the consolidation process should be restored. Eliminated demand deposits should be added back in Schedule RC-O, Line Item 4.a. Eliminated time and savings deposits should be added back in Schedule RC-O, Line Item 4.b. Any accrued interest that was eliminated should be added back in Schedule RC-O, Line Item 4.c.

### Line Items 5.a., 5.b., 5.c. - Deposits and Accrued Interest in Insured Branches in Puerto Rico and U.S. Territories and Possessions

*A branch in Puerto Rico, or a U.S. territory or possession, constitutes a "foreign" office for Schedule RC-E purposes; however, they are assessable and insurable according to the FDI Act. Accordingly, any deposits held by these branches should be reported in Schedule RC-E, Part II and Schedule RC-O, Line Item 5.*

#### Question Number 23

Does the bank have any deposits in Puerto Rico or U.S. territories and possessions?

- Yes  
 No  
 Not Applicable

All demand deposits held in insured branches in Puerto Rico, or U.S. territories and possessions, should be reported in Schedule RC-O, Line Item 5.a. All time and savings deposits held in insured branches in Puerto Rico, or U.S. territories and possessions should be reported in Schedule RC-O, Line Item 5.b.

**Special Note**  
 U.S. Territories include St. Thomas, St. John, and St. Croix of the Virgin Islands, and Guam.

*See Schedule RC-O, page 2, paragraph 4 - 5c, of the March 31, 2001, Call Report Instructions (<http://www.ffiec.gov>) for the proper reporting of subsidiary deposit liabilities and deposits in insured branches in Puerto Rico, or U.S. territories and possessions.*

**Schedule RC-O; Other Data for Deposit Insurance and FICO Assessments - Continued**

**Line Item 6.a. – Pass-Through Reserve Balances – DDA**

*The Call Report Instructions state that the correspondent bank in a pass-through reserve balance relationship must report the amount of reserve balances the reporting correspondent bank has actually passed through to the Federal Reserve on behalf of its respondent depository institutions that are also reflected as demand deposit liabilities of (the domestic offices of) the reporting bank in this line item.*

Question Number 24

Do you report any demand deposit reserve balances actually passed through to the Federal Reserve for the respondent depository institution in Schedule RC-E?

- Yes Do you deduct any demand deposit reserve balances actually passed through to the Federal Reserve for the respondent depository institution in Schedule RC-O, Line Item 6.a.?
- No
- Not Applicable

**Special Note**  
The adoption of FASB 133 is mandatory (as opposed to voluntary), mark-to-market valuation adjustments which are a result of derivative transactions, such as those involving CDs, should be included in RC-E totals and then reported again in either RC-O, Line Item 7.a. or 7.b., depending on whether the balance represents a premium or a discount.

**Line Item 6.b. – Pass-Through Reserve Balances – Time or Savings**

*The Call Report Instructions state that the correspondent bank in a pass-through reserve balance relationship must report the amount of reserve balance the reporting correspondent bank has actually passed through to the Federal Reserve on behalf of its respondent depository institutions that are also reflected as time or savings deposit liabilities of (the domestic offices of) the reporting bank in this line item.*

Question Number 25

Do you report any time or savings reserve balances actually passed through to the Federal Reserve for the respondent depository institution in Schedule RC-E?

- Yes Do you deduct any time or savings reserve balances actually passed through to the Federal Reserve for the respondent depository institution in Schedule RC-O, Line Item 6.b.?
- No
- Not Applicable

**Line Item 7.a. - Unamortized Premiums**

*An unamortized premium on a time or savings deposit is the difference between the amount due the depositor and the carrying amount at which the deposit is reported in Schedule RC - Balance Sheet. Record in this line item the amount of unamortized premiums contained in total time or savings deposits (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) that are reported in Schedule RC-Balance Sheet, Line Item 13, "Deposits."*

Question Number 26

Does your institution include unamortized premiums in the time or savings deposits that are reported in Schedule RC, Line Item 13, "Deposits?"

- Yes Your institution should report the balance of unamortized premiums in Schedule RC-O, Line Item 7.a.
- No
- Not Applicable

## Schedule RC-O; Other Data for Deposit Insurance and FICO Assessments - Continued

### Line Item 7.b. - Unamortized Discounts

*An unamortized discount on a time or savings deposit is the difference between the amount due the depositor and the carrying amount at which the deposit is reported in the Schedule RC - Balance Sheet. Record in this line item the amount of unamortized discounts included in total time or savings deposits (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) that are reported in Schedule RC - Balance Sheet, Line Item 13, "Deposits."*

#### Question Number 27

Does your institution include unamortized discounts in the time or savings deposits that are reported in Schedule RC, Line Item 13, "Deposits?"

- Yes  
 No  
 Not Applicable
- Your institution should report the balance of unamortized discounts in Schedule RC-O, Line Item 7.b.

**Special Note**  
**Recent Assessable  
 Deposit  
 Compliance  
 Program review  
 results reflected  
 that some banks  
 are not taking  
 advantage of their  
 available  
 reciprocal balance  
 adjustment.**

### Line Item 11 – Adjustments to Demand Deposits in Domestic Offices and in Insured Branches in Puerto Rico and U.S. Territories and Possessions Reported in RC-E for Certain Reciprocal Demand Balances

*Reciprocal bank balances arise when two depository institutions maintain deposit accounts with each other; this is, when a depository institution has both a due to and a due from balance with another depository institution. Reciprocal bank balances are reported in Schedule RC-E as a reduction to deposit liabilities. Schedule RC-E allows reciprocal balances to be reported on a net basis when the right of setoff exists (please refer to "Offsetting" in the Glossary of the Call Report Instructions for a definition of "right of setoff").*

*Depending on a bank's reciprocal relationships, differences between the Call Report Instructions and the FDI Act may result in the reciprocal deductions calculated for Schedule RC-E being different than the reciprocal deductions allowed by the FDI Act. Line Items 11.a., 11.b. and 11.c., if applicable, are to bring the reciprocal deductions taken in Schedule RC-E into compliance with those allowed by the FDI Act.*

### Line Item 11.a. – Reciprocal Bank Balance Adjustments for Amounts Reported Gross for Schedule RC-E that should be Reported Net for FDI Act Purposes

*For assessment purposes under the FDI Act, reciprocal demand balances with domestic offices of U.S. banks and savings associations (and insured branches in Puerto Rico and U.S. territories and possessions) are to be reported on a net basis. However, insured branches in Puerto Rico and U.S. territories and possessions are reported as "foreign" branches for Schedule RC-E, (Part II) purposes. Therefore, the reciprocal deduction allowed by the FDI Act would not have been allowed for Schedule RC-E, Part I (domestic offices) and the deposit base would have been higher. This line item is to adjust the reciprocal for these differences and any other reciprocal amount that was reported gross when it must have been reported net. This would result in a decrease in the deposit base.*

#### Question Number 28

Does the bank have due to and due from balances with domestic offices of U.S. banks and savings associations (and insured branches in Puerto Rico and U.S. territories and possessions) that were reported on a gross basis for Schedule RC-E, but are required to be reported on a net basis by the FDI Act?

- Yes  
 No  
 Not Applicable
- If yes, those additional reciprocal amounts should be calculated and reported in Schedule RC-O, Line Item 11.a.

## Schedule RC-O; Other Data for Deposit Insurance and FICO Assessments - Continued

### Line Item 11.b. - Reciprocal Bank Balance Adjustments for Amounts Reported Net for Schedule RC-E that should be Reported Gross for FDI Act Purposes

*Line Item 11.b. is basically the opposite of Line Item 11.a. Schedule RC-E allows reciprocal balances with foreign banks and foreign offices of other U.S. banks (other than insured branches of Puerto Rico and U.S. territories and possessions) to be reported on a net basis. However, the FDI Act requires these reciprocal balances to be reported on a gross basis. This line item is to adjust the reciprocal for these differences and any other reciprocal amount that was reported net when it should have been reported gross. This would result in an increase in the deposit base.*

#### Question Number 29

Does the bank have due to and due from balances with foreign banks and foreign offices of other U.S. banks (other than insured branches in Puerto Rico and U. S. territories and possessions) that were reported on a net basis for Schedule RC-E, but are required to be reported on a gross basis by the FDI Act?

- Yes  
 No  
 Not Applicable
- Those reciprocal balances should be reported in Schedule RC-O, Line Item 11.b.

**Special Note**  
 If you're reporting information in Line Items 12.a. and 12.b., you should ensure that you understand their purpose. Incorrect utilization may result in overstating your assessable deposits.

### Line Item 11.c. - Reciprocal Bank Balance Adjustments when Cash Items In Process of Collection are Used in the Reciprocal Calculation

*The FDI Act includes cash items in process of collection in the calculation of the net reciprocal demand balances with the domestic offices of U.S. banks and savings associations (and insured branches in Puerto Rico and U.S. territories and possessions). Schedule RC-E excludes cash items in process of collection from these calculations. This line item is to adjust the reciprocal for any cash item in process of collection. This may result in a decrease in the deposit base.*

#### Question Number 30

Do the balances used to calculate net reciprocal demand balances in Schedule RC-E have cash items in process of collection that could be considered in the calculation?

- Yes  
 No  
 Not Applicable
- If yes, the difference between the amount calculated for reciprocals in Schedule RC-E and the recalculated amount using cash items in process should be reported in Schedule RC-O, Line Item 11.c. Cash items in process of collection might also affect the amounts reported in Schedule RC-O, Line Item 11.b.

### Line Item 12.a. – Assets Netted Against Deposit Liabilities – DDA

*Under generally accepted accounting principles, banks are permitted to offset or net assets and liabilities when a right of setoff exists. However, under the FDI Act, only certain specified assets may be netted against deposit liabilities for deposit insurance and FICO assessment purposes. If the reporting bank has netted any assets and demand deposit liabilities (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) on the balance sheet (Schedule RC) and in Schedule RC-E in accordance with generally accepted accounting principles, report in this item the amount by which this netting reduced the bank's reported demand deposits.*

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**Schedule RC-O; Other Data for Deposit Insurance and FICO Assessments - Continued**

## Question Number 31

Does your institution net assets against demand deposits in accordance with generally accepted accounting principles?

- Yes  
 No  
 Not Applicable

Offsetting is the reporting of assets and liabilities on a net basis in the balance sheet. Banks are permitted to offset assets and liabilities recognized in the Report of Condition when a "right of setoff" exists according to FASB interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts."

**Line Item 12.b. - Assets Netted Against Deposit Liabilities – Time and Savings**

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*If the reporting bank has netted any assets and demand deposit liabilities (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) on the balance sheet (Schedule RC) and in Schedule RC-E in accordance with generally accepted accounting principles, report in this item the amount by which this netting reduced the bank's reported time and savings deposits.*

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## Question Number 32

Does your institution net assets against time and savings deposits in accordance with generally accepted accounting principles?

- Yes  
 No  
 Not Applicable

You should restore (add back) the amount by which time and savings deposits have been reduced in this line item.

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**Oakar  
Institutions**

*The enactment of FIRREA, and specifically the inclusion of Section 5(d)3 in the FDI Act, permitted Bank Insurance Fund (BIF) insured institutions to acquire deposits of Savings Association Insurance Fund (SAIF) insured institutions. The subsequent enactment of the FDIC Improvement Act amended Section 5(d)3 and allowed SAIF insured institutions to acquire deposits of BIF insured institutions. Acquisitions applicable to Section 5(d)3 were named after former Representative Mary Rose Oakar (D-Ohio), who sponsored the original amendment to the FDI Act.*

*The most common “Oakar” transaction occurs when a bank whose deposits are insured by the BIF acquires deposits, through a whole institution acquisition (merger / combination / consolidation) or a branch acquisition, which are insured by the SAIF. The bank then has a primary (BIF) and a secondary (SAIF) insurance fund. An Oakar transaction can also occur in reverse, or when a BIF insured bank acquires a BIF insured Oakar bank in its entirety. Once a bank participates in this type of transaction it becomes an “Oakar” institution for Call Report and insurance assessment purposes, for the remainder of its corporate existence.*

*Once an institution becomes an Oakar, it must report ANY subsequent acquisition of deposits in Call Report Schedule RC-O, Line Item 8, for the quarter ended in which the transaction occurred. Line Item 8.a.(1) must include the total amount of any deposits acquired, including accrued interest and escrows, from another FDIC insured institution. Line Item 8.a.(2) must include the amount of deposits acquired which are insured by the secondary insurance fund (i.e., BIF institutions report deposits insured by the SAIF; and SAIF institutions report deposits insured by the BIF). For non-Oakar acquisitions, the amount reported would be zero. The amount in Line Item 8.a.(2) must also be included as part of the amount reported in Line Item 8.a.(1).*

*Once an institution becomes an Oakar, it must also report ANY subsequent sale of deposits to another FDIC insured institution, including accrued interest and escrows, for the quarter ended in which the sale occurred. This amount is reported in Schedule RC-O, Line Item 8.b.*

Question Number 33

Did the bank purchase or sell any deposits during the reporting quarter?

- Yes                      Oakar transactions obligate an Oakar institution to pay assessments to both insurance funds in lieu of paying the entrance and exit fees associated with fund-conversion transactions.
- No
- Not Applicable

**Special Note**  
**See Financial Institution Letter (FIL) 36-2004 for additional information and instruction regarding the proper reporting of Oakar deposits for insurance assessment purposes.**