



Thrift Reports

FIL-37-2004
March 31, 2004

TO: CHIEF EXECUTIVE OFFICER
(also of interest to Preparers of the Thrift Financial Report)

SUBJECT: Proper Use of Schedule DI Line Items DI740, DI750, and DI760

Summary: *The FDIC is reissuing guidance to clarify the proper use of Schedule DI Line Items DI740, DI750, and DI760 in the quarterly Thrift Financial Report. These line items are completed by "Oakar" thrifts.*

The Federal Deposit Insurance Corporation (FDIC) is reissuing the guidance it originally provided on October 1, 1997 (FIL-102-97), regarding newly designated Schedule DI Line Items DI740, DI750, and DI760 (replacing Schedule SI Line Items SI255, SI265, and SI266, respectively). These newly designated line items appear in the March 31, 2004, Thrift Financial Report (TFR). These line items are completed by so-called "Oakar" thrifts - that is, thrifts that pay a portion of their quarterly deposit insurance assessment to both insurance funds.

Line Items DI740, DI750, and DI760 are used by the FDIC to calculate an Oakar thrift's adjusted attributable deposit amount (AADA). The AADA serves as the base on which an Oakar thrift's payment to the other ("secondary") insurance fund is computed.

"Oakar" Thrifts

An "Oakar" thrift is a thrift that belongs to one insurance fund, generally the Savings Association Insurance Fund (SAIF), and has acquired deposits insured by the secondary insurance fund, generally the Bank Insurance Fund (BIF), by means of a so-called "Oakar transaction." The most common Oakar transaction occurs when a SAIF-member thrift acquires deposits from a BIF-member bank, either by means of a whole-institution acquisition (merger/combination/consolidation) or through a branch acquisition.

Other examples of Oakar transactions include:

- a SAIF-member thrift acquiring deposits from a thrift-chartered, BIF-member institution (a so-called "BIF HOLA" thrift);
- a BIF HOLA thrift acquiring deposits from a SAIF-member thrift; or
- a BIF HOLA thrift acquiring deposits from a bank-chartered, SAIF-member institution (a so-called "Sasser" bank).

It is important to remember that once a thrift participates in an Oakar transaction, it becomes and remains an Oakar thrift for TFR reporting purposes and for insurance assessment purposes. As an Oakar thrift, the thrift is required to complete these three Schedule DI line

items for any quarter in which it acquires or sells deposits, whether by means of an "Oakar" transaction or a "regular" transaction, as appropriate.

Acquisition of an Existing Oakar Institution

In another common Oakar transaction, a SAIF-member thrift can become an Oakar thrift by simply acquiring an existing SAIF-member Oakar thrift or a Sasser Oakar bank. (In addition, a BIF HOLA thrift can become a BIF HOLA Oakar thrift by acquiring an existing BIF HOLA Oakar thrift or a BIF-member Oakar bank.) In such cases, the acquired Oakar institution's AADA becomes the AADA of the resultant Oakar thrift. (Please refer to FIL-102-96, issued December 18, 1996.)

Please note: If an Oakar thrift acquires an Oakar institution that is a member of the other insurance fund (for example, a SAIF-member thrift acquiring a BIF Oakar bank or a BIF HOLA Oakar thrift), the thrift should contact the FDIC to discuss how to determine the correct amount to include in Line Item DI750 of Schedule DI.

Reporting Requirements

The following instructions for each line item are intended to supplement information found in the TFR instructions and to clarify the reporting requirements for each item. The information reported in these line items is specific to the quarter in which a transaction occurs and is reported only in that quarter. *If an Oakar thrift has not acquired or sold deposits during a quarter, it should not complete these line items.*

Schedule DI Line Item DI740

This line item is used to report all deposits acquired by the reporting thrift from **any** insured depository institution (*regardless of insurance fund membership*) in the quarter ending with the filing of the TFR. For example, all deposits acquired between January 1, 2004, and March 31, 2004, will be reported in this item of the March 31, 2004, TFR.

The amount reported in this line item should be equal to the amount acquired on the date of the transaction and should include all deposits as defined by Section 3(l) of the Federal Deposit Insurance Act (FDI Act), which includes escrows and interest accrued and unpaid.

The amount reported in this line item will always be greater than, or equal to, the amount that is reported in Line Item DI750.

Schedule DI Line Item DI750

This line item is used to report all deposits acquired during the quarter by the reporting thrift from any insured depository institution that *was insured by the insurance fund of which the resultant thrift is not a member - the secondary insurance fund*. In other words, this item is used to report "Oakar" deposits (AADA) acquired in the quarter. This amount should also be included as part of the amount reported in Line Item DI740 - Line Item DI750 is a subset of Line Item DI740.

Please note: This line item is also to be used to report the AADA of an existing Oakar institution that has been acquired by the reporting thrift. If the acquired Oakar institution is a member of the same insurance fund as the resultant thrift, the resultant thrift (the "reporting"

thrift) should include in this line item the AADA shown on Line 46 of the acquired Oakar institution's last assessment invoice.

As mentioned previously, if the reporting thrift has acquired an Oakar institution that is a member of the other insurance fund, the thrift should contact the FDIC at the telephone number listed at the end of this letter to discuss how to determine the correct amount to include in this line item.

Again, the amount that is reported in this line item should be equal to the deposits that were acquired from the other insurance fund on the date of the transaction. In addition, the amount reported in this line item will always be equal to, or less than, the amount that is reported in Line Item DI740.

Schedule DI Line Item DI760

This line item is used to report all deposits sold by the reporting institution in the quarter. The amount that is reported in this line item should be equal to the deposits that were sold on the date of the transaction.

Reporting Example

In the first quarter of the year, Thrift A (a SAIF-member):

- acquires four branches of Bank Z (a BIF-member). This acquisition is an Oakar transaction. On the date of the transaction, the acquired deposits equal \$143,500,000;
- acquires Thrift B (a SAIF-member Oakar thrift) through a merger. On the date of the transaction, the acquired deposits equal \$750,000,000. Thrift B's AADA as of its last invoice (using December 31 Call data) was \$350,000,000; and
- sells a branch to Thrift C (a SAIF-member thrift). On the date of the transaction, the deposits sold equal \$50,000,000.

Thrift A will complete its March 31 TFR, Schedule DI, as follows:

Line Item DI740 . . . \$893,500,000 (\$143,500,000 + \$750,000,000 = Total Deposits Acquired)

Line Item DI750 . . . \$493,500,000 (\$143,500,000 + \$350,000,000 = AADA Acquired)

Line Item DI760 . . . \$50,000,000 (= Deposits Sold)

The FDIC uses the information reported in these three line items when calculating an Oakar thrift's AADA each quarter for assessment purposes. A "Quarterly Growth Adjustment Statement," showing the AADA calculation, is prepared by the FDIC for every Oakar thrift and is included with the thrift's quarterly assessment invoice.

If you have any questions regarding these line items, please contact the FDIC's Assessment Section at (800) 759-6596.

For your reference, FDIC Financial Institution Letters may be accessed from the FDIC's Web

site at www.fdic.gov/news/news/financial/2004/index.html. This FIL supersedes FIL-102-97, dated October 1, 1997.

Fred S. Selby
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Distribution: All-Insured Thrifts

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, NW, Room 100, Washington, DC 20434 (1-877-275-3342 or (703) 562-2200)

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