



Bank Reports

FIL-101-97
October 1, 1997

TO: PREPARERS OF FFIEC REPORTS OF CONDITION AND INCOME
SUBJECT: *Proper Use of New Schedule RC-O Line Items 8(a)1, 8(a)2, and 8(b)*
The FDIC believes there may be confusion regarding three new line items on Schedule RC-O of the quarterly Call Report, namely Lines 8(a)1, 8(a)2, and 8(b). The new line items were added to Schedule RC-O effective with the March 31, 1997, Call Report. These line items are to be completed by so-called "Oakar" banks—that is, banks that pay a portion of their quarterly deposit insurance assessment to both insurance funds.

Line items 8(a)1, 8(a)2, and 8(b) were added to help the FDIC calculate an Oakar bank's adjusted attributable deposit amount (AADA). The AADA serves as the base on which an Oakar bank's payment to the other ("secondary") fund is computed.

"Oakar" Banks

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

Other examples of Oakar transactions include:

- a BIF member bank acquiring deposits from a bank-chartered institution that is a SAIF member—a "Sasser" bank;
- a Sasser bank acquiring deposits from a BIF-member bank; or
- a Sasser bank acquiring deposits from a thrift-chartered institution that is a BIF member (a "BIF HOLA" thrift).

Acquisition of an Oakar Institution

In another common Oakar transaction, a BIF-member bank can become an Oakar bank by simply acquiring another BIF-member Oakar bank or a BIF HOLA Oakar thrift. (In addition, a Sasser bank can become a Sasser Oakar bank by acquiring another Sasser Oakar bank or a SAIF-member Oakar thrift.) In such cases, the acquired Oakar institution's AADA becomes the AADA of the resultant bank.

Please Note: If an Oakar bank acquires an Oakar institution that is a member of the other insurance fund (for example, a BIF-member bank acquiring a SAIF Oakar thrift or a Sasser Oakar bank), the bank should contact the FDIC to request a special AADA worksheet. The worksheet will assist the reporting bank in determining the correct amount to include in Line Item 8(a)2 of Schedule RC-O.

Reporting Requirements

The following instructions for each line item are intended to supplement information found in the Call Report instructions and to clarify the reporting requirements for each item.

Schedule RC-O, Line Item 8(a)1

This line item is used to report all deposits acquired by the reporting institution from any insured depository institution (regardless of insurance fund membership) in the quarter ending with the filing of the Call Report. For example, all deposits acquired between July 1, 1997, and September 30, 1997, will be reported on this line item of the September 30, 1997, Call Report.

The amount reported in this line item should be equal to the deposit 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), including 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 on Line Item 8(a)2.

Schedule RC-O, Line Item 8(a)2

This line item is used to report all deposits acquired during the quarter by the reporting institution from any insured depository institution that was insured by the insurance fund of which the resultant bank 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 8(a)1.

Please note: This line item is also to be used to report the AADA of an Oakar institution that has been acquired by the reporting bank. If the acquired Oakar institution is a member of the same insurance fund as the resultant bank, the resultant bank (the "reporting" bank) 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 bank has acquired an Oakar institution that is a member of the other insurance fund, the bank should contact the FDIC at the telephone number listed at the end of this FIL to request a special AADA worksheet. The worksheet will assist the reporting bank in determining 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 less than, or equal to, the amount that is reported on Line Item 8(a)1.

Schedule RC-O, Line Item 8(b)

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

date of the transaction.

Example:

In the third quarter of the year, Bank A (a BIF-member):

- acquires four branches of Thrift Z (a SAIF-member). This acquisition is an Oakar transaction. On the date of transaction, the deposits acquired equal \$143,500,000;
- acquires Bank B (a BIF-member Oakar bank) through a merger. On the date of transaction, the deposits acquired equal \$750,000,000. Bank B's AADA as of its last invoice (June 30) was \$350,000,000; and
- sells a branch to Bank C (a BIF-member bank). On the date of transaction, the deposits sold equal \$50,000,000.

Bank A will complete its September 30 Call Report, Schedule RC-O, as follows:

Line Item 8(a)1 . . . \$893,500,000 (\$143,500,000 + \$750,000,000)

Line Item 8(a)2 . . . \$493,500,000 (\$143,500,000 + \$350,000,000)

Line Item 8(b) . . . \$50,000,000

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

If you have any questions regarding these line items, please contact the FDIC's Assessment Management Section at (800) 477-9557. In the Washington, D.C., area, please call (202) 416-7400.

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Distribution: All Insured Banks

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, N.W., Room 100, Washington, D.C. 20434 (800) 276-6003 or (703) 562-2200. Electronic versions are available at the FDIC web site:

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