



**Office of Thrift Supervision
Financial Reporting Division (FRD)**

December 2008

<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 quarterly Thrift Financial Report, as it contains pertinent information regarding your December reports.

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

December TFR including Schedule CSS

Filing Deadline – Friday, January 30, 2009

(Remember - you must transmit TFR before any other quarterly or annual reports.)

December COF Filing Deadline - Friday, January 30, 2009

December CMR Filing Deadline - Tuesday, February 17, 2009

December HC Filing Deadline - Tuesday, February 17, 2009

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FOURTH QUARTER FILING DEADLINES

You should complete and transmit your December 2008 TFR, including Schedule CSS, and COF as soon as possible after the close of the quarter:

Filing **deadline** for all schedules *except* HC and CMR is **Friday, January 30, 2009**.

Filing **deadline** for Schedules HC and CMR is **Tuesday, February 17, 2009**.

Institutions that are exempt from filing Schedule CMR but choose to voluntarily file must adhere to the filing deadlines above. Interest Rate Risk reports will not be available for download by institutions that fail to meet the filing deadline. All voluntary CMR filers should contact Doris Jackson at 972.277.9618 or doris.jackson@ots.treas.gov, 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 can 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.

EFS VERSION 6.8 SOFTWARE UPGRADE CD MAILED

The new EFS **Version 6.8 Upgrade CD** has been mailed to TFR report preparers of record via regular postal mail. Install the CD as soon as you receive it. Version 6.8 must be used to prepare and transmit all December 2008 reports.

After installation, keep the CD in a safe, easily accessible location for retrieval should you be directed by OTS staff to reinstall it. **Do not attempt to *reinstall* the EFS CD without guidance from the OTS. Contact the EFS Helpline for assistance.**

If you do not receive the EFS Version 6.8 CD by **Thursday, January 15, 2009**, e-mail doris.jackson@ots.treas.gov or leave a message at 972.277.9618. Be sure to include your five-digit docket number and phone number in all messages.

Be sure you have signed up in EFS Net under *My EFS Notification Recipients* to receive e-mail notification when software news or other important information is placed on EFS Net. You can sign up multiple recipients in this option.

If you do not sign up for e-mail notification, you should log in to EFS Net frequently to check for any software updates or news about preparing your reports.

NOTE: To ensure that you and other staff members receive timely notification when new items are placed on EFS Net for your attention, please verify/update all e-mail addresses you have entered in EFS Net, *My EFS Notification Recipients*, before every transmission.

For any software issues you encounter, you should run the OTS Diagnostics from Start, Programs, Office of Thrift Supervision, OTS Diagnostics. If the Diagnostics tool does not identify and offer solutions for your problem, contact the EFS Helpline at efs-info@ots.treas.gov or by phone toll free at 866.314.1744.

WHAT'S NEW IN EFS VERSION 6.8

The following changes were made to the Electronic Filing System (EFS) software for December 2008:

New Caption and Line Items

The following items are to be completed by insured institutions that are participating in (i.e., have not opted out of) the FDIC's Temporary Liquidity Guarantee Program:

- **DI570:** Amount of Noninterest-bearing Transaction Accounts of More than \$250,000 (including Balances Swept from Noninterest-bearing Transaction Accounts to Noninterest-bearing Savings Accounts)
- **DI575:** Number of Noninterest-bearing Transaction Accounts of More than \$250,000.

Edit Changes

- **New Steps:** Q748, Q749, Q750, Q751
- **Deleted Steps:** V735
- **Changed Steps:** Q091, Q001, V072, R797, U552

Software Changes

An 'Output to File' option has been added to the COF and Holding Company print screens as is similarly available for the TFR and CMR schedules.

DEPOSIT DATA FOR DEPOSIT INSURANCE PREMIUM ASSESSMENT

The September TFR instructions for schedule DI120 - DI185 were revised to include the **Section 3(l) definition of deposits** as referenced for Total Deposit Liabilities Before Exclusions (Gross) as Defined in Section 3(l) of the FDI Act and FDIC Regulations, DI510. The sum of DI120, DI130, DI170, and DI175 must equal the institution's assessable deposits, i.e. line DI510, less DI520. For example, the interest accrued and unpaid, SC763, that is included in the institution's assessable deposits will be reported with the related account in lines DI120, DI130, DI170 and DI175.

The sum of DI120, DI130, DI170, and DI175 may not tie to deposits reported on the Statement of Condition (Schedule SC). Schedule SC is reported in accordance with Generally Accepted Accounting Principals (GAAP). Certain items defined in the Federal Deposit Insurance Act are includable in the deposit premium assessment base but under GAAP may be eliminating entries or may be considered contra-assets rather than liabilities. These items must be included in the deposit premium assessment base. The sum of DI120, DI130, DI170, and DI175 must equal the institution's assessable deposits, i.e. line DI510, less DI520.

If you are required to report Uninsured Deposits, DI210, then report them, including accrued interest, as unconsolidated on a single FDIC certificate number basis. When an insured institution owns another depository institution as a subsidiary, each institution files a separate TFR and should not combine the subsidiary institution's deposit liabilities with its own in this section.

For assistance or questions about these changes, please contact your Financial Reporting Analyst in Dallas.

REVISIONS/ADDITIONS TO SCHEDULE DI FOR DECEMBER 2008

On November 21, 2008, the Federal Deposit Insurance Corporation (FDIC) approved a final rule to implement the Temporary Liquidity Guarantee (TLG) Program announced on October 14, 2008. The TLG Program has two primary components: the Debt Guarantee Program, by which the FDIC will guarantee the payment of certain newly issued senior unsecured debt, and the Transaction Account Guarantee Program, by which the FDIC will guarantee certain noninterest-bearing transaction accounts.

In response to the FDIC's adoption of the TLG Program, the Federal Financial Institutions Examination Council (FFIEC) has approved revisions to the Consolidated Reports of Condition and Income (Call Report), the Thrift Financial Report (TFR), and the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002). These regulatory reporting revisions, which have been approved by the U.S. Office of Management and Budget and take effect December 31, 2008, will be applicable to FDIC-insured depository institutions that participate in the Transaction Account Guarantee Program. A participating institution will report the amount and number of its noninterest-bearing transaction accounts, as defined in the FDIC's regulations governing the TLG Program, of more than \$250,000. An institution has the option to exclude those noninterest-bearing transaction accounts of more than \$250,000 that are otherwise fully insured under the FDIC's deposit insurance rules as determined and documented by the institution. The FDIC will use this information to calculate assessments for participants in the Transaction Account Guarantee Program.

The new items that will be completed by institutions participating in the Transaction Account Guarantee Program will be added to the TFR as items DI570 and DI575.

In addition, although the FDIC's deposit insurance limit has temporarily increased to \$250,000, institutions should note that the agencies have not revised the existing items in TFR Schedule DI for the amount and number of deposit accounts (other than retirement deposit accounts) of (a) \$100,000 or less and (b) more than \$100,000. Institutions should continue to complete these items using the \$100,000 size threshold for deposit accounts without taking into account the temporary increase in the deposit insurance limit. Similarly, when reporting estimated uninsured deposits in TFR Schedule DI, institutions required to provide this estimate should continue to calculate the amount of uninsured deposits based on the deposit insurance limits of \$250,000 for retirement deposit accounts and \$100,000 for all other accounts. Institutions should not consider the temporary increase in deposit insurance coverage to \$250,000 when estimating their uninsured deposits.

DECEMBER 2008 TFR INSTRUCTION MANUAL UPDATES

The following sections of the TFR Instruction manual have been revised and updated:

(Because of repagination, additional CCR pages are included that may not have instructional changes.)

Line items -

CCR115, 185, 265, 285

DI added paragraph at top of page 902

Added -

DI570, 575

Please refer to the revised instruction manual pages included with this Bulletin for details. Delete only the pages that have a replacement page.

You can go to the OTS website, www.ots.treas.gov at any time, click Publications and Data, click on the Thrift Financial Reports section, find Reports/Forms, and print a blank copy of TFR 2008 Form 1313 to use as a worksheet.

For assistance or questions about these changes, please contact your Financial Reporting Analyst in Dallas.

PROPOSED 2009 THRIFT FINANCIAL REPORT (TFR) CHANGES

The OTS solicited comments on proposed changes to the 2009 TFR in a Federal Register Notice dated October 1, 2008. The proposed changes would be implemented on a phased-in basis over 2009. The comment period ended on December 1, 2008. We are currently analyzing the comments and recommendations that were received to determine if the revisions will be given final approval. The final Notice will be published in early January 2009 and will allow for a 30-day comment period.

The complete Notice and comments received are available on the OTS website at: http://www.ots.treas.gov/?p=ClosedComments&Topic_id=b9d3dac5-1e0b-8562-eb6d-8d9660bc94c4

Changes to the TFR *proposed* to be effective with the March 2009 report are described below.

Elimination of Existing Items:

- As a result of the issuance of FAS 160, (Noncontrolling Interest in Consolidated Financial Statements), the OTS proposes to eliminate line CCR190, Minority Interest in Includable Subsidiaries
- Confidential Treatment of Schedule FS and Schedule HC Data

Revision of Existing Items:

As a result of the issuance of FAS 160, the OTS proposes to revise the captions of the following lines:

SC800 *Change* Minority Interest **to** Noncontrolling Interests in Consolidated Subsidiaries

SC80 *Change* Total Equity Capital **to** Total Savings Association Equity Capital

SC90 *Change* Total Liabilities, Minority Interest, and Equity Capital **to** Total Liabilities and Equity Capital

SO91 *Change* Net Income (Loss) **to** Net Income (Loss) Attributable to Savings Association

HC620 *Change* Minority Interest **to** Noncontrolling Interests in Consolidated Subsidiaries

HC640 *Change* Net Income for the Quarter **to** Net Income (Loss) Attributable to Holding Company

CCR105 *Change* Investments in and Advances to "Nonincludable" Subsidiaries **to** Investments in, Advances to, and Noncontrolling Interests in Nonincludable Subsidiaries

New Items:

As a result of the issuance of FAS 160, the OTS proposes to add lines

- SC84 Total Equity Capital
- SO99 Net Income (Loss) Attributable to Savings Association and Noncontrolling Interests
- SO93 Net Income (Loss) Attributable to Noncontrolling Interests

To separately capture impairment charges on debt and equity securities, the OTS proposes to add line SO441, Other-than-Temporary Impairment Charges on Debt and Equity Securities.

REDESIGNED OTS WEBSITE

The OTS website, www.ots.treas.gov, has been redesigned. TFR-related items can now be found under Publications and Data from the main screen.

FDIC WEBSITE UPDATES

Per the FDIC, updates are made to the Industry Analysis portion of their website (<http://www.fdic.gov/>) on the third Friday after the close of the quarter and weekly thereafter. This update is based on individual OTS TFR data as of the previous Tuesday night. The FDIC will post December 2008 data to their website for the first time on Friday, January 16, 2009. The last update of the FDIC website for the December 2008 cycle will be approximately 60 days after the close of the quarter.

AMENDING PRIOR-CYCLE DATA

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.

Although the instructions allow for 135 days after the cycle close for prior-cycle amendments, FRD analysts may need several days to analyze and process your data. Therefore, we encourage you to file any September 2008 amendments no later than close of business, Friday, February 6, 2009.

EFS BACKUP/RESTORE

Avoid data loss in the event of a system crash or natural disaster! Your data must be backed up using the EFS Backup/Restore function from the EFS main (blue) screen even if you have the program installed on a network drive. Data is not included in your institution's routine network backup unless it has been backed up to that network drive from within EFS.

You should create just one backup file on a network drive titled OTSBackup (or similar) and routinely answer Yes to the question "...Do you wish to back up your financial data prior to exiting?" each time you exit EFS. Simply overwrite the file with each backup – no need to create a new file for every cycle, report, etc. Every backup includes all historical data.

REINSTALLING EFS SOFTWARE CD

Once you have installed the current EFS CD for the first time, you should contact the EFS Helpline at efs-info@ots.treas.gov, or 866.314.1744 before you reinstall it for any reason, or install it on a new/ additional machine. EFS Helpline staff may have other suggestions for you to follow first, and can provide you with detailed instructions for properly transferring your EFS files to avoid losing historical data if it is indeed necessary to reinstall the software.

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. 259

SUBJECT: Risk Weight for Assets with FDIC Assistance

LINE(S): CCR409, 445, 450

DATE: December 18, 2008

Question:

What risk weight is assigned to assets with an FDIC guarantee or subject to an FDIC assistance agreement?

Answer:

The FDIC has various programs that provide assistance.

- Senior unsecured bank debt that is guaranteed under the Temporary Liquidity Guarantee Program receives a risk weight of 20 percent. (Report on CCR445 – Claims on Domestic Depository Institutions)
- For recent assets sales and acquisitions where the FDIC provides assistance, the assistance provided may vary from transaction to transaction, and it may be limited or tiered, i.e. it does not cover the full amount of the assets. Only the portion of losses covered by the FDIC would ordinarily qualify for 20% risk weight (report on CCR450 – 20% risk weight: other). The remainder would be the ordinary risk weight for the asset type (reported on the appropriate risk weight line) except where the OTS determines that a different risk weight is commensurate with the risk of the transaction.
- For older existing transactions with FDIC assistance, continue to follow the instructions for CCR409 for risk weighting the assets (CCR409 - Notes and obligations of FDIC, Including Covered Assets)

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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 Publications and Data, then TFR). If you have a question that you would like answered, you may submit it to tfr.instructions@ots.treas.gov. Be sure to include your docket number in your Subject line. 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 include your 5-digit docket number in your e-mail Subject line or your voice-mail message, 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>> Publications and Data, > Thrift Financial Reports (in red field), > Report Forms, > and Bulletins/Financial Reporting Bulletins.

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)

Important Notice about Microsoft Vista Updated 6/13/2008 The OTS has tested the Electronic Filing System on the new Microsoft Vista operating system, and is addressing issues as they are found. EFS on Vista workstations is supported on a limited basis. The OTS advises anyone upgrading a machine hosting the EFS software to Vista or installing EFS on a new Vista machine to report issues with EFS to the OTS at efs-info@ots.treas.gov.

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://xnet1.ots.treas.gov/efsnets/bulletins/efs_6x_requirements.pdf

Office of Thrift Supervision

Filing *Deadline* Schedule for 2008 Regulatory Reports

You can and should complete and transmit your reports
as soon as possible after the close of the quarter.

To preclude the OTS's consideration of the assessment of civil money penalties, pursuant to the provisions in 12 U.S.C. § 1464(v)(4)-(7), Reports of condition, please ensure that all TFR reports are filed before the filing deadlines shown below, and are filed accurately in accordance with the instructions.

Reporting "As Of" Date	<u>F I L I N G D E A D L I N E</u>			
	Thrift Financial Report	Schedule CMR and HC	Cost of Funds	Branch Office Survey
January 31			Monday March 3	
February 29			Monday March 31	
March 31	Wednesday April 30	Thursday May 15	Wednesday April 30	
April 30			Friday May 30	
May 31			Monday June 30	
June 30	Wednesday July 30	Thursday August 14	Wednesday July 30	Monday August 25
July 31			Tuesday September 2	
August 31			Tuesday September 30	
September 30	Thursday October 30	Friday November 14	Thursday October 30	
October 31			Monday December 1	
November 30			Tuesday December 30	
December 31	Friday January 30, 2009	Tuesday February 17, 2009	Friday January 30, 2009	

Office of Thrift Supervision
Filing *Deadline* Schedule for 2009 Regulatory Reports

You can and should complete and transmit your reports
as soon as possible after the close of the quarter.

To preclude the OTS's consideration of the assessment of civil money penalties, pursuant to the provisions in 12 U.S.C. § 1464(v)(4)-(7), Reports of condition, please ensure that all TFR reports are filed before the filing deadlines shown below, and are filed accurately in accordance with the instructions.

Reporting "As Of" Date	<u>F I L I N G D E A D L I N E</u>			
	Thrift Financial Report	Schedule CMR and HC	Cost of Funds	Branch Office Survey
January 31			Monday March 2	
February 29			Monday March 30	
March 31	Thursday April 30	Friday May 15	Thursday April 30	
April 30			Monday June 1	
May 31			Tuesday June 30	
June 30	Thursday July 30	Friday August 14	Thursday July 30	Monday August 24
July 31			Monday August 31	
August 31			Wednesday September 30	
September 30	Friday October 30	Monday November 16	Friday October 30	
October 31			Monday November 30	
November 30			Wednesday December 30	
December 31	Monday February 1, 2010	Tuesday February 16, 2010	Monday February 1, 2010	

THRIFT FINANCIAL REPORT **INSTRUCTION MANUAL**

DECEMBER 2008

Insert the attached 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 December 2008 Financial Reporting Bulletin.

(Because of repagination, additional CCR pages are included that may not have instructional changes.)

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

deduction. On a case-by-case basis, OTS may allow you to assign the portfolio proportionately to the various risk-weight categories based on the proportion of the risk-weight categories represented in the mutual fund. See 12 CFR § 567.6(a)(1)(vi)(C).

Lower-tier subsidiary: Subsidiaries where you do not directly hold an ownership interest. Rather, your service corporation or operating subsidiary directly or indirectly holds the ownership interest.

TIER 1 (CORE) CAPITAL REQUIREMENT

CALCULATION OF CORE (TIER 1) CAPITAL

CCR100: Equity Capital

The EFS software generates this line from SC80, Total Equity Capital. This is GAAP equity capital.

Explanatory Note:

Schedule CCR adjusts Equity Capital, CCR100 in calculating Tier 1 (core) capital according to the OTS capital rule. For example, the OTS capital rule does not include cumulative perpetual preferred stock in Tier 1 (core) capital. Furthermore, the OTS capital rule requires you to deduct debt and equity investments in nonincludable subsidiaries and certain other assets from total assets and equity capital in computing Tier 1 (core) capital. In addition, OTS's capital rule reverses the adjustment to GAAP equity for unrealized gains and losses on available-for-sale (AFS) debt securities included in SC860 in computing Tier 1 (core) capital. However, you report marketable **equity** securities at the lower of cost or market for Tier 1 (core) capital purposes.

Deduct:

CCR105: Investments in and Advances to Nonincludable Subsidiaries

Reduce Tier 1 (core) capital by your investment in, advances to, and guaranteed obligations of certain nonincludable subsidiaries. The general instructions to Schedule CCR define subsidiary.

In consolidation, you eliminate the investment and intercompany loan accounts of subsidiaries on Schedule SC. Therefore, you must obtain the amount of the investment and advances from your books before consolidation. Calculate the investment using the equity method as prescribed by GAAP plus any loans, advances, guaranteed obligations, or other extensions of credit, whether secured or unsecured. Use negative investments to offset loans, guaranteed obligations, or advances to the same subsidiary, but do not reduce this line below zero. If you have a nonincludable subsidiary and the result on this line rounds to zero or is a negative amount, report a one to indicate that you have reported your nonincludable subsidiary.

Note: Report investments in subsidiaries and equity investments where the FDIC fully covers the investments on CCR409, zero percent risk weight: FDIC Covered Assets. This rule applies to your investment regardless of the business activity of such entity.

Nonincludable Subsidiaries

Section 5(f) of HOLA [12 USC 1464(t)(5)(A)] defines nonincludable subsidiaries as subsidiaries of a savings association that engage in activities impermissible for a national bank with the following exceptions:

1. Subsidiaries only engaged in impermissible activities as an agent for its customers where the subsidiary has no risk of loss.
2. Subsidiaries engaged solely in mortgage banking activities.

3. Insured depository institutions acquired as subsidiaries before May 1, 1989.
4. Subsidiaries of federal savings associations that existed on August 8, 1989, and were chartered before October 15, 1982, as a savings bank or cooperative bank under state law.
5. Subsidiaries of federal savings associations that existed on August 8, 1989, that acquired their principal assets from a savings association chartered before October 15, 1982, as a savings bank or cooperative bank under state law.

Generally, a subsidiary of a savings association is nonincludable if any of its unconsolidated assets are impermissible for a national bank. If any **lower-tier subsidiary** engages in impermissible activities or invests in an entity that engages in impermissible activities, but the first-tier subsidiary owned by the parent savings association does not directly engage in impermissible activities, the first-tier subsidiary is an **includable** subsidiary. Deduct only subsidiary's investment in the nonincludable lower-tier subsidiary in computing the capital of the upper-tier subsidiary on an unconsolidated basis and in computing your consolidated capital. Deduct from total capital, equity investments of subsidiaries in lower-tier subordinate organizations that are not considered subsidiaries, if those equity investments are not permissible for national banks.

Fully deduct all nonincludable subsidiaries from capital.

You should report investments in and advances to nonincludable subsidiaries net of all general valuation allowances, specific valuation allowances, and charge-offs, as they have already reduced equity capital.

CCR115: Goodwill and Certain Other Intangible Assets

For some savings associations, this line may equal SC660. However, you may manually override this amount in certain cases. For purposes of regulatory capital only, you may elect to:

- Reduce the amount goodwill by any associated deferred tax liability.
- Reduce core deposit intangible assets (CDIs) and certain other intangible assets acquired in a nontaxable business combination by any associated deferred tax liabilities.
- You do not reduce the amount of purchase credit card relationships (PCCRs) by any associated deferred tax liability.

Report this as a positive amount. The EFS software will deduct this line from equity capital in calculating Tier 1 (core) capital.

Include:

1. Goodwill.
2. Core deposit intangible assets (CDIs).
3. Purchased credit card relationships (PCCRs).

Do not include:

1. Servicing assets.
2. Certain nonsecurity financial instruments accounted for under FASB Statement No. 125.
3. Net deferred tax assets.
4. Computer software (purchased and internally-developed).
5. Intangible pension assets.

CCR133: Disallowed Servicing Assets, Disallowed Deferred Tax Assets, Disallowed Residual Interests, and Other Disallowed Assets

Report this as a positive amount. The EFS software will deduct this line from equity capital in calculating Tier 1 (core) capital.

Disallowed Servicing Assets

You may include servicing assets reported on SC642 and SC644 in regulatory capital, subject to **both** of the following limitations:

1. For mortgage and nonmortgage servicing assets, and PCCRs, combined — include in capital the lesser of:
 - a. 100 percent of Tier 1 (core) capital.
 - b. 90 percent of fair value.
 - c. 100 percent of reported amount.
2. For nonmortgage servicing assets and PCCRs, as a separate sub-limit — include in capital the lesser of the following:
 - a. 25 percent of Tier 1 (core) capital.
 - b. 90 percent of fair value.
 - c. 100 percent of reported amount.

Accordingly, on CCR133, include the amount of servicing assets reported on SC642 and SC644 (that are not in a nonincludable subsidiary) and PCCRs included on SC660 that exceed the above limitations.

For purposes of the 25 percent and 100 percent of Tier 1 (core) capital limitations above, base the deduction on a Tier 1 (core) capital subtotal before the deduction. In addition, in computing the deduction for the 25 percent and 100 percent limitations, you may reduce the amount of servicing assets by any corresponding deferred tax liability.

Disallowed Deferred Tax Assets

If regulatory capital includes disallowed deferred tax assets, include the amount of the disallowed deferred tax assets on this line. To the extent that realizing deferred tax assets depends on your future taxable income (exclusive of reversing temporary differences and carryforwards), or your tax planning strategies, such deferred tax assets are limited for regulatory capital purposes to the lesser of the following:

1. The amount that you can realize within one year.
2. 10 percent of Tier 1 (core) capital.

Accordingly, disallowed deferred tax assets is that amount includable in assets under GAAP, but **not** includable in regulatory capital pursuant to OTS policy. The deferred tax asset subject to the limitation is the net deferred tax asset or liability included on Schedule SC, adjusted for the deferred tax asset or liability added to or subtracted from total assets related to the following:

1. Accumulated gains and losses on certain AFS securities and cash flow hedges on CCR280.
2. Goodwill and other intangible assets on CCR265 and CCR285.
3. Servicing assets on CCR270.

Note: You can generally realize deferred tax assets without limitation from the following sources:

1. Taxes paid in prior carry-back years.
2. Future reversals of existing taxable temporary differences.

For purposes of the 10 percent of Tier 1 (core) capital limitation above, base the deduction on a Tier 1 (Core) capital subtotal before the deduction.

Disallowed Residual Interests

Include on this line that portion of credit-enhancing interest-only strips (as defined) reported on SI402 that must be deducted in computing Tier 1 capital, pursuant to 12 CFR Part 567. With certain exceptions provided for in the regulation, you must deduct from equity capital the amount of any credit-enhancing interest-only strips that exceeds 25% of Tier 1 capital before the deduction. In computing the deduction, you may reduce the amount by any corresponding deferred tax liability.

CCR134: Other

Report other items required to be deducted from Tier 1 Capital not included in CCR105 through CCR133.

Include the accumulated net increase in retained earnings (equity capital) resulting from certain net gains reported on SO485; specifically, those gains, net of losses, on liabilities carried at fair value, net of income taxes, that are attributable to changes in the savings association's own creditworthiness.

Add:**CCR180: Accumulated Losses (Gains) on Certain Available-For-Sale Securities and Cash Flow Hedges, Net of Taxes**

Report on this line:

1. Accumulated Unrealized Gains and Losses on Certain Available-for-Sale Securities

Equity capital on SC80 includes a separate component for accumulated, unrealized gains and losses, net of income taxes, on AFS securities. See SC860, Unrealized Gains (Losses) on Available-for-sale Securities. However, you cannot include most of that separate component of equity capital in regulatory capital, as specified below.

For regulatory capital purposes on Schedule CCR, but not for reporting purposes on Schedule SC:

- Report aggregate AFS **debt** securities at amortized cost, not at fair value.
- Report aggregate AFS **equity** securities at the lower of cost or fair value, not at fair value.

Report on CCR180 the amount on SC860, Unrealized Gains (Losses) on Available-for-Sale Securities, adjusted for losses on certain equity securities, as follows:

- SC860, Unrealized Gains (Losses) on Available-for-Sale Securities
- Plus: As a positive number, any portion of the amount on SC860 that represents unrealized **losses** on **equity** securities (but not debt securities), net of gains and net of income taxes.

2. Accumulated Gains and Losses Related to Qualifying Cash Flow Hedges

Equity capital on SC80 includes a separate component for accumulated gains and losses on qualifying cash flow hedges. See SC865, Gains (Losses) on Cash Flow Hedges. However, you cannot include that separate component of equity capital in regulatory capital.

Report the result on CCR180 as follows:

- When the amount on this line represents **gains**, net of losses, report a **negative** number **reducing** capital.
- When the amount on this line represents **losses**, net of gains, report a **positive** number **increasing** capital.

Report the corresponding adjustment to assets on CCR280. See the instructions for CCR280 for additional information.

CCR185: Intangible Assets

Report PCCRs included on SC660.

CCR190: Minority Interest in Includable Consolidated Subsidiaries Including REIT Preferred Stock Reported as a Borrowing

Report minority interest in common and noncumulative perpetual preferred stock of **includable, consolidated** subsidiaries that you report on SC800, Minority Interest. Also include REIT preferred stock

of an includable, consolidated subsidiary that you report on **either SC736 or SC800**, to the extent the amount is eligible for inclusion in Tier 1 (core) capital. See the instructions for CCR105 for a definition of nonincludable subsidiaries. Minority interest in nonincludable subsidiaries is not grandfathered; do not include it on CCR190.

The EFS software will add this line to equity capital in calculating Tier 1 (core) capital.

CCR195: Other

Report other items permitted to be added to Tier 1 Capital that are not included in CCR180 through CCR190.

Include the accumulated net decrease in retained earnings (equity capital) resulting from certain net losses reported on SO485; specifically, those losses, net of gains, on liabilities carried at fair value, net of income taxes, that are attributable to changes in the savings association's own creditworthiness.

CCR20: Tier 1 (Core) Capital

The EFS software will compute this line as follows: CCR100 less CCR105, CCR115, CCR133, and CCR134, plus CCR180, CCR185, CCR190, and CCR195.

CALCULATION OF ADJUSTED TOTAL ASSETS

CCR205: Total Assets

Report total assets of the consolidated entity as reported on SC60, Total Assets. The EFS software will compute this line from SC60, Total Assets.

Deduct:

CCR260: Assets of "Nonincludable" Subsidiaries

Report the entire amount of the assets of nonincludable subsidiaries included in Schedule SC. For consolidated subsidiaries, this amount should equal total assets of the subsidiary less any assets eliminated in consolidation. For subsidiaries accounted for under the equity method, this amount should equal your investment account plus all advances to the subsidiary.

Report this as a positive amount. The EFS software will deduct this line from total assets in calculating Tier 1 (core) capital.

CCR265: Goodwill and Certain Other Intangible Assets

Generally, this line will equal SC660, Goodwill and Other Intangible Assets, with the exception of certain intangible assets such as intangible pension assets and computer software. Accordingly, the EFS software will automatically generate this line from SC660. However, if you have an intangible asset that is not required to be deducted from Tier 1 capital, such as intangible pension assets or capitalized computer software costs, you may change the generated amount.

- **Goodwill**

If you elect to reduce the amount of goodwill by any associated deferred tax liability on CCR 115, then you must also reduce the amount of goodwill on CCR 265 by the same amount.

- **Certain other intangible assets**

Similarly, if you elect to reduce the amount of certain other intangible assets arising from nontaxable transactions by any associated deferred tax liability on CCR 115, then you must also reduce the amount of certain other intangible assets on CCR 265 by the same amount.

Report this as a positive amount. The EFS software will deduct this line from total assets in calculating Tier 1 (core) capital.

CCR270: Disallowed Servicing Assets, Disallowed Deferred Tax Assets, Disallowed Residual Interests, and Other Disallowed Assets

For most savings associations this line will equal CCR133. Accordingly, the EFS software will automatically generate this line from CCR133. However, this amount may change in certain cases. For example, deferred tax liabilities are deductible from servicing assets on CCR133, but are not deductible from servicing assets on CCR270. In which case you may override the generated amount.

Report this as a positive amount. The EFS software will deduct this line from total assets in calculating Tier 1 (core) capital.

CCR275: Other

Report other items required to be deducted from Adjusted Total Assets not included in CCR260 through CCR270.

Add:

CCR280: Accumulated Losses (Gains) on Certain Available-For-Sale Securities and Cash Flow Hedges

Report on this line:

1. Accumulated Unrealized Gains and Losses on Certain Available-for-Sale (AFS) Securities

Report amounts included in total assets for accumulated unrealized gains and losses on certain AFS securities, including any related component of income tax assets. Calculate the amount included on this line for unrealized gains and losses on certain AFS securities as follows:

- The amount included in SC60, Total Assets, that corresponds to the separate component of equity capital on SC860.
- Add to this amount: As a positive number, any amount included in SC60 that represents net unrealized **losses** on **equity** securities. That is, you include all unrealized gains and losses on available-for-sale securities included in assets except for those losses on equity securities.

2. Derivative Instruments Reported as Assets Related to Qualifying Cash Flow Hedges

Report amounts included in total assets for derivative instruments related to qualifying cash flow hedges, including any related component of income tax assets. Do not include derivative instruments reported as liabilities.

Report the result on CCR280 as follows:

- When the amount on this line represents a net amount that **increased assets** reported on Schedule SC, report a **negative** number that will deduct this amount from total assets for regulatory capital purposes.

- When the amount on this line represents a net amount that **decreased assets** reported on Schedule SC, report a **positive** number that will add this amount back to total assets for regulatory capital purposes.

Report the corresponding adjustment to equity capital on CCR180. See the instructions for CCR180 for additional information.

CCR285: Intangible Assets

For most savings associations, this line will equal CCR185; therefore, the EFS software will generate the amount from CCR185.

CCR290: Other

Report other items permitted to be added to Adjusted Total assets that are not included in CCR280 or CCR285.

CCR25: Adjusted Total Assets

The EFS software will compute this line as follows: CCR205 less CCR260, CCR265, CCR270, and CCR275 plus CCR280, CCR285 and CCR290.

CCR27: Tier 1 (Core) Capital Requirement

This represents the Tier 1 capital necessary for adequate capitalization pursuant to 12 CFR § 565.

The EFS software will compute this line as CCR25, Adjusted Total Assets, multiplied by four percent. If we have assigned you a composite CAMELS rating of one, you should override the calculated amount and report CCR25 multiplied by three percent.

If you have an individual minimum capital requirement (IMCR) set by OTS that requires the maintenance of a capital level in excess of the minimum requirement, you should override the calculated amount and report your IMCR.

This amount should never be less than three percent of CCR25.Total Risk-Based Capital Requirement:

CCR30: TIER 1 (CORE) CAPITAL

The EFS software will bring forward Tier 1 (core) capital from CCR20.

TIER 2 (SUPPLEMENTARY) CAPITAL

Under the OTS risk-based capital regulations, there are two types of capital: Tier 1 (core) capital and Tier 2 (supplementary) capital. Tier 2 (supplementary) capital includes certain specified instruments with characteristics of capital that do not qualify as Tier 1 (core) capital. You may include Tier 2 (supplementary) capital in your total risk-based capital, up to a maximum of 100 percent of your Tier 1 (core) capital.

Tier 2 (supplementary) capital consists of the following:

1. Permanent instruments not qualifying as Tier 1 (core) capital. Report on CCR310, Qualifying Subordinated Debt and Redeemable Preferred Stock; CCR340, Other Equity Instruments; and CCR355, Other.
2. Maturing instruments. After adjustments for the limitations described below, report on CCR310, Qualifying Subordinated Debt and Redeemable Preferred Stock; CCR340, Other Equity Instruments; and CCR355, Other.

3. Allowances for Loan and Lease Losses. Report on CCR350, Allowances for Loan and Lease Losses.
4. Up to 45 percent of your pretax unrealized gains, net of unrealized losses, on AFS equity securities. Report on CCR302.
5. Minority interests in includable subsidiaries consolidated under GAAP that are not eligible for inclusion in Tier 1 (core) Capital on CCR190, provided the minority interest meets the other requirements for Tier 2 (supplementary) capital and neither you nor any of your subsidiaries or other subordinate organizations that you own, directly or indirectly, hold the minority interest. Report such minority interest on CCR340, Other Equity Instruments.

Maturing Capital Instruments Issued on or Before November 7, 1989

Maturing capital instruments approved or grandfathered by the FHLBB before December 5, 1984, continue grandfathered status under the prior and current OTS capital regulation. You may include them in full in Tier 2 (supplementary) capital until the last year before maturity.

With our prior approval, you may include maturing capital instruments issued on or before November 7, 1989, in Tier 2 (supplementary) capital, following the procedures below that are applicable to instruments issued after that date.

Maturing Capital Instruments Issued After November 7, 1989

You may elect to include maturing capital instruments issued after November 7, 1989, by choosing one of the following options. Once you elect either option, you must continue to apply that option for all subsequent issuances of maturing capital instruments as long as there is a balance outstanding of such issuances. Once such issuances have all been repaid, you may elect the other option for future issuances.

Option 1 Tier 2 (supplementary) capital is equal to the outstanding capital instrument multiplied by the applicable percentage from the following amortization schedule:

<u>Years to Maturity</u>	<u>Percentage Counted as Tier 2 (Supplementary) Capital</u>
Greater than 5	100%
Greater than 4, but less than or equal to 5	80%
Greater than 3, but less than or equal to 4	60%
Greater than 2, but less than or equal to 3	40%
Greater than 1, but less than or equal to 2	20%
Less than or equal to 1	0%

Option 2 Tier 2 (supplementary) capital will include only the aggregate amount of maturing capital instruments that mature in any one year during the seven years immediately before an instrument's maturity that does not exceed 20 percent of your capital. Capital is Tier 1 (core) capital plus, without limitation, items included in Tier 2 (supplementary) capital. There is no percentage of assets limitation for general loan and lease valuation allowances. There are no limitations on maturing capital instruments based on maturity dates. There is no limitation on Tier 2 (supplementary) based on the amount of Tier 1 (core) capital.

CCR302: Unrealized Gains on Available-for-Sale Equity Securities

You may include in Tier 2 (supplementary) capital up to 45 percent of the amount of any pretax unrealized gains. This is net of any unrealized losses, on AFS **equity** securities included in SC140, Equity Securities Subject to FASB Statement No. 115. If losses exceed gains, do not report an amount on this line. When you report unrealized gains, net of unrealized losses, here and include them in supplementary capital, you must include the entire (100 percent) unrealized gains, net of unrealized losses, in assets to

risk weight. In other words, you must risk weight the fair value, not the historical cost of these AFS equity securities.

Do not include unrealized gains on AFS **debt** securities or on equity securities in a trading portfolio.

CCR310: Qualifying Subordinated Debt and Redeemable Preferred Stock

Include:

1. Perpetual subordinated debentures and mandatory convertible securities.
2. Maturing subordinated debentures, mandatory convertible securities, and redeemable preferred stock calculated according to the above instructions.

CCR340: Other Equity Instruments

Report equity instruments you issued that we permit as supplemental capital but not as Tier 1 (core) capital and that you deducted on CCR134.

Include:

1. Cumulative preferred stock reported on SC812.
2. Preferred stock reported on SC812 or SC814 where the dividend adjusts based on current market conditions or indexes and the issuer's current credit rating;
3. Any other equity instruments reported on CCR134 except preferred stock that is, in effect, collateralized by assets of the reporting savings association; and
4. Minority interest reported on SC800, Minority Interest, in excess of the amount included in Tier 1 (core) capital on CCR190.

CCR350: Allowances for Loan and Lease Losses

Report ALLL established by you and your consolidated includable subsidiaries as defined in the instructions for CCR105. You cannot grandfather ALLL for nonincludable subsidiaries for this calculation. Note that Tier 2 (supplementary) capital limits the inclusion of ALLL reported on CCR 350 to 1.25 percent of risk-weighted assets. Apply the percentage limitation to Subtotal Risk-Weighted Assets on CCR75.

For regulatory capital purposes, the ALLL potentially reportable on CCR350 consists of:

1. First – allowances established to cover probable, but not specifically identifiable, credit losses associated with on-balance-sheet loans and leases, reported as ALLL on mortgage loans (SC283) and on nonmortgage loans (SC357).
2. Second, if the capital limit mentioned above permits – liabilities for credit losses associated with off-balance-sheet credit exposures (such as commitments, letters of credit, and guarantees) included in Other Liabilities and Deferred Income (SC796), with the following exception: *Any portion of this liability related to transfers of loans or other assets reported as sales with recourse is separate and distinct from the ALLL, and therefore is **not** includable in CCR350.*

Include purchased ALLL where the balance and nature of the purchased ALLL is consistent with OTS policy in the Examination Handbook, Sections 260 and 261.

Do not include:

1. ALLL of unconsolidated subordinate organizations.
2. ALLL of nonincludable subsidiaries.
3. Recourse liability accounts that arise from recourse obligations for any transfers of loans or other assets that are reported as sales. Such accounts are separate and distinct from the ALLL.

CCR355: Other

Report other items permitted in Tier 2 Capital that you do not include in CCR302 through CCR350.

CCR33: Tier 2 (Supplementary) Capital

The EFS software computes this line as the sum of CCR302, CCR310, CCR340, CCR350 and CCR355.

CCR35: ALLOWABLE TIER 2 (SUPPLEMENTARY) CAPITAL

The EFS software computes this line as follows.

If Tier 1 (core) capital is a positive amount, the software reports the lesser of the following:

1. Tier 2 (supplementary) Capital reported on CCR33.
2. Tier 1 (core) Capital reported on CCR30.
3. If you have negative Tier 1 (core) capital, the software reports zero on CCR35.

The amount of Tier 2 (supplementary) capital included in total capital cannot exceed the amount of Tier 1 capital.

CCR370: Equity Investments and Other Assets Required to be Deducted

Report the assets that 12 CFR § 567.5(c) requires to be deducted from total capital unless deducted elsewhere.

Include:

1. Investments in other depository institutions (reciprocal holdings) that other depository institutions may count in their regulatory capital such as capital stock, qualifying subordinated debt, etc.
2. The entire amount of all the following items:
 - a. Your nonincludable debt and equity investments including debt and equity investments in subordinate organizations not constituting subsidiaries under 12 CFR § 567.1 (investments in entities not consolidated under GAAP) that engage as principal in activities impermissible for national banks and not otherwise includable under § 5(t) of HOLA.
 - b. Investments in real property except real property primarily used or intended to be used by you, your subsidiaries, subordinate organizations, or affiliates as offices.
 - c. Real property acquired in satisfaction of a debt, where you intend to hold the property for real estate investment purposes or do not expect to dispose of it within five years.

The term equity securities means any:

1. Stock.
 2. Certificate of interest of participation in any profit sharing agreement.
 3. Collateral trust certificate or subscription.
 4. Preorganization certificate or subscription.
 5. Investment Contract.
 6. Voting trust certificate.
 7. Securities immediately convertible into equity securities at the option of the holder without payment of substantial additional consideration such as convertible subordinated debt.
 8. Securities carrying any warrant or right to subscribe to or purchase an equity security.
 9. Investments, loans, advances, and guarantees issued on behalf of unconsolidated subordinate organizations.
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10. Investments in real property not classified as fixed assets or repossessed property.

Do not include:

1. Interests in real property that are primarily used by you, your subsidiaries, subordinate organizations, or affiliates as offices or related facilities to conduct business. Report on CCR506, 100 percent Risk weight: All Other Assets.
2. Interests in real property that you acquire in satisfaction of a debt previously contracted in good faith or acquired in sales under judgments or decrees (REO). Report on CCR506, 100 percent Risk weight: All Other Assets.
3. FHLBank Stock.
4. Equity investments permissible for both savings associations and national banks. Risk weight them at 100 percent on CCR506. These include:
 - a. Freddie Mac Stock.
 - b. Fannie Mae Stock.
 - c. Equity investments in subordinate organizations not constituting subsidiaries under 12 CFR § 567.1 – investments in subordinate organizations not consolidated under GAAP, that engage solely in activities as agent for customers or engage as principal in activities permissible for national banks or otherwise includable under § 5(t) of the HOLA.
 - d. Real estate loans that are equity investments under GAAP and are permissible investments for national banks.
 - e. Mutual funds and pass-through investments, defined in 12 CFR § 560.32 that invest in any of the above categories of permissible equity investments.
5. Investments in subsidiaries and/or equity investments that FSLIC or any successor agency fully covers. Report the entire amount of such investment on CCR409, 0% Risk weight: Notes and Obligations of FDIC, Including Covered Assets. There is no requirement for you to deduct such investments from capital.

Computation of CCR370 When General Valuation Allowances have been established:

Calculate the amount of equity investments reported on CCR370 net of charge-offs and general valuation allowances. For example, if you established a \$10 specific valuation allowance against a \$100 equity investment, you only deduct \$90 from total capital and enter \$90 on CCR370.

In computing CCR370, you should reduce the amount you calculated using the above instructions by the amount of general valuation allowances established against equity investments and required deductions in real property investments. To receive this credit, you **must** establish the general valuation allowance at the savings association level as a contra-asset to the equity investments and investments in real property. You must have and maintain adequate records to enable examiners to verify your claim that you established the general valuation allowances against these specific assets.

For example, if you have a \$100 equity investment, net of charge-offs and specific valuation allowances, against which you established no general valuation allowance after July 1, 1994, you should enter the full asset amount, \$100, on CCR370. If you established a \$10 general valuation allowance against that same asset, you should deduct the \$10 general valuation allowance from the \$100 investment, resulting in deduction of \$90.

Do **not** include general valuation allowances established on other assets in the credit computation outlined above.

CCR375: Deduction for Low-Level Recourse and Residual Interests

If you elect the “direct deduction” approach for low-level recourse and residual interests, report on this line the amount of 1) low-level recourse and 2) residual interests reported on SI402 and SI404. However, you should reduce the amount of residual interests reported here by any amount reported on CCR133. In

addition, you may reduce the amount of low-level recourse and residual interests reported here by the amount of any corresponding deferred tax liability.

Include:

1. The amount of recourse liability you retain when it is less than the capital requirement for credit-risk exposure and therefore not converted to an on-balance-sheet equivalent. For example, in the sale of most assets with one percent recourse, the amount of liability retained usually is less than the capital requirements, and therefore you would report one percent of the assets sold on CCR375 or CCR605. See the instructions for the 100 percent credit conversion factor in the Conversion of Off-balance-sheet Items to On-balance-sheet Equivalents section above.
2. The amount of on-balance-sheet financial instruments pursuant to FASB Statement No. 140 representing subordinated credit risk interests, including interests in spread accounts and asset pools. However, your low-level recourse requirement may exceed the amount of this instrument if you are subject to credit losses exceeding the amount of the instrument.

CCR39: TOTAL RISK-BASED CAPITAL

The EFS software will compute this line as the total of CCR30 plus CCR35 minus CCR370, and CCR375.

RISK-WEIGHT CATEGORIES

General Instructions

To calculate the total risk-based capital standard you must classify your assets in one of four risk-weight categories described below. Do **not** risk weight the assets that you have deducted from Tier 1 (core) capital – for example, nonincludable subsidiaries, nonqualifying intangibles, and disallowed assets.

Consolidate the assets of includable, GAAP-consolidated subsidiaries in determining the appropriate risk-weight categories. However, exclude the assets of **nonincludable subsidiaries** and **nonincludable equity investments** when computing risk-weighted assets.

Tier 2 (supplementary) capital includes ALLL but does not include other general valuation allowances. Consequently, to calculate the amount to be risk weighted, you may deduct allocated general valuation allowances from assets other than loans and leases but you may **not** deduct **ALLL** from loans and leases. In other words, you should risk weight loans at their recorded investment less only their specific valuation allowances, and risk weight all other assets at their recorded investment less their specific valuation allowances and allocated general valuation allowances.

You should risk weight assets after you make regulatory capital adjustments to those assets. For example, if we required you to deduct gains or add back losses on AFS securities in Tier 1 (core) capital, you should risk weight those securities at historical cost, not at fair value. The same is true for adjustments for disallowed servicing assets, disallowed net deferred tax assets, and other adjustments to Tier 1(core) capital. If you exclude assets, portions of assets, or adjustments to assets from Tier 1 (core) capital, you should exclude them from risk-weighted assets. Additionally, where you have included up to 45 percent of the pretax unrealized gains, net of unrealized losses, on AFS equity securities in Tier 2 capital (CCR302), you should include 100 percent of those unrealized gains in risk-weighted assets. In other words, you should risk weight the fair value, not the historical cost, of these AFS equity securities.

In determining the appropriate risk-weight category for **secured loans**, you must look at the type of collateral. In determining the appropriate risk-weight category for investments in **mutual funds**, you must look to the characteristics of the assets in the fund. Where the portfolio of a mutual fund consists of various assets that require different treatment under the capital requirement, you have two alternatives:

1. You may deal with the entire ownership interest in the mutual fund based on the asset with the highest capital requirement in the portfolio, or exclude the mutual fund from assets and thus deduct it from calculations of total capital, as appropriate.
2. You may assign different risk-weight categories to the mutual fund on a pro-rata basis, according to the investment limits for different categories in the fund's prospectus.

Regardless of the risk-weighting method used, the total risk weight of a mutual fund must be no less than 20 percent.

Accrued interest receivable that is not delinquent is part of the recorded investment in that loan or investment and should be risk-weighted with the underlying asset. Generally, delinquent accrued interest receivable is risk weighted at 100%

Multiply the sum of each risk-weight category by the appropriate risk-weight percentage for that category. For instance, you would multiply the sum of the zero percent risk-weight category by zero percent. After adding each risk-weight category and multiplying by its appropriate risk weight, add the product of each risk-weight category. This results in the on-balance-sheet portion of the total risk-based capital standard.

Include **off-balance-sheet items** in the total risk-based capital standard after converting them into on-balance-sheet equivalents. Convert off-balance-sheet items by taking the dollar amount of the off-balance-sheet item or the grossed up amount of off-balance-sheet recourse obligations under 12 CFR § 567.1, as appropriate. Multiply that amount by the appropriate credit conversion factor from the table that follows the discussion of risk-weight categories. Additionally, you should risk weight interest-rate and exchange-rate contracts by calculating a credit equivalent amount. See explanation following the discussion of off-balance-sheet items.

Report in the appropriate category all on-balance-sheet assets together with all on-balance-sheet equivalents (off-balance-sheet items after converting them according to the discussion above). From the sum of on-balance-sheet and off-balance-sheet risk-weighted assets, deduct ALLL that exceeds the amount you may include as capital on CCR350.

Note: Report all loans and investments that are more than **90 days past due** on CCR506, 100 percent Risk weight. Report all of these loans on CCR506 regardless of the type of investment or collateral, except for FDIC covered assets. Report FDIC covered assets on CCR409, 0% Risk weight: Notes and Obligations of FDIC Including Covered Assets.

0% Risk weight

CCR400: Cash

Report all cash-on-hand, including the amount of domestic and foreign currency owned and held or in transit in all your offices. Convert any foreign currency into U.S. dollar equivalents as of the date of the report.

Do not include:

1. Cash deposited in another financial institution, whether interest-bearing or non-interest-bearing. Report on CCR445.
2. Cash equivalents such as travelers' checks. Report on CCR445.

CCR405: Securities Backed by Full Faith and Credit of U.S. Government

Report securities, not loans, on this line. Report the amount of securities issued by and other direct claims on the following:

1. The U.S. Government or its agencies to the extent such securities or claims are **unconditionally** backed by the full faith and credit of the U.S. Government.

2. The central government of an Organization of Economic Cooperation and Development (OECD) country.

Include:

1. Most Ginnie Mae securities. (Note that an interest only strip or Ginnie Mae security that exhibits similar interest rate risk would not be eligible for 0% risk weight. Report as 100% risk weight on CCR 505.)
2. U.S. Treasury securities.
3. SBA pools or certificates, or portions thereof, that have an unconditional guarantee by the full faith and credit of the U.S. Government.

Do not include:

1. Notes and obligations of the FDIC. Report on CCR409.
2. Assets collateralized by U.S. Government securities. Report on CCR450, 20% Risk weight: Other.
3. Mortgage-backed securities (MBS) where you have recourse for the underlying loans. The capital requirement on such obligations should follow the standard treatment of recourse obligations.
4. Delinquent mortgage loans previously securitized with Ginnie Mae, where either (a) you have an unconditional repurchase option, or (b) you have repurchased the loans under such an option. Report on CCR450, 20% Risk weight: Other.

CCR409: Notes and Obligations of FDIC, Including Covered Assets

Report notes and obligations of the FDIC that have the unconditional backing by the full faith and credit of the U.S. Government. Include the portion of assets **fully** covered against capital loss and/or yield maintenance agreements by the FDIC. Place that portion of assets without FDIC coverage (for example, those included in a deductible) in a risk-weight category according to the characteristics of the asset. If you cannot assign a deductible under a coverage agreement to a specific type of asset, then you should place the deductible in the 100 percent risk-weight category.

Include investments in subsidiaries and equity investments with full FDIC coverage, regardless of the percentage of ownership or business activity of the entity in which you have invested.

CCR415: Other

Report all zero percent risk-weight assets not included above as defined in 12 CFR § 567.6(a)(1)(i).

Include:

1. Deposit reserves at, claims on, and balances due from Federal Reserve Banks, excluding interest rate contracts. Report interest rate contracts on CCR450, 20% Risk weight: Other.
2. The book value of paid-in Federal Reserve Bank stock.
3. That portion of assets not included elsewhere in the zero percent risk-weight category directly and unconditionally guaranteed by the U.S. Government or its agencies, or the central government of an OECD country.

CCR420: Total

The EFS software will compute this line as the sum of CCR400 through CCR415.

CCR40: 0% Risk-Weight Total

The EFS software will automatically compute this line as zero percent times CCR455, the risk-weighted product of all zero percent risk-weighted assets.

20% Risk weight**CCR430: Mortgage and Asset-Backed Securities Eligible for 20% Risk Weight**

Report mortgage-related securities and other asset-backed securities that meet the criteria for 20% risk weight. **Note** that if you have a **subordinate** class of an otherwise 20% risk weight, high-quality MBS, you must gross up and risk weight your security plus the balance of all classes senior to it. However, if you are able to utilize the ratings based approach (12 CFR 567.6), it is not necessary to gross up the more senior positions. See also CC455, CC465, and CC468.

Include:

1. Most Fannie Mae and Freddie Mac mortgage-related securities. (Note: Report Fannie and Freddie principal-only stripped securities (POs) and interest-only stripped securities (IOs) that are not credit enhancing on CCR 506.)
2. Asset-backed securities with an AAA or AA rating that meet the criteria of the ratings based approach - 12 CFR § 567.6.

Do not include:

1. Stripped MBS. Report IO and PO strips that are not credit enhancing of otherwise high quality MBS on CCR506, 100% risk weight.
2. Ginnie Mae mortgage pool securities. Refer to instructions for CCR405.
3. MBSs where you have recourse for the underlying loans. The capital requirement on such obligations should follow the treatment of recourse obligations.

CCR435: Claims on FHLBs

Report all investments in, claims on, and balances due from Federal Home Loan Banks.

Include:

1. Book value of Federal Home Loan Bank stock.
2. Demand, savings, and time deposits with a FHLBank.
3. Securities, bonds, and notes issued by the Federal Home Loan Bank System
4. The credit equivalent amount of interest rate contracts, interest-rate swaps and caps, where the counterparty is a Federal Home Loan Bank.

CCR440: General Obligations of State and Local Governments

Report the amount of securities and other general obligations issued by state and local governments.

CCR445: Claims on Domestic Depository Institutions

Include the following obligations of domestic depository institutions:

1. Demand deposits and other transaction accounts.

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2. Savings deposits.
 3. Time certificates.
 4. Travelers' checks and other cash equivalents.
 5. Cash items in the process of collection.
 6. Federal funds sold.
 7. Loans and overdrafts.
 8. Debt securities.
 9. The credit equivalent amount of interest and exchange rate contracts (interest-rate swaps and caps) where the counterparty is a domestic depository institution.

Do not include:

1. Investments in other depository institutions where those institutions may count the investments in their regulatory capital, such as capital stock, qualifying subordinated debt, etc. Report on CCR370, Assets Required to be Deducted.
2. Interest rate contracts with a FHLBank or a Federal Reserve Bank. Report on CCR435 and CCR450, respectively.

CCR450: Other

Report all twenty percent risk-weight assets, not included above, as defined in 12 CFR § 567.6(a)(1)(ii).

Include:

1. Assets conditionally guaranteed by the U.S. Government, such as VA and FHA insured mortgage loans, the guaranteed portion of SBA, FhMA, and AID loans, and FICO and REFCO bonds, etc.
2. Delinquent mortgage loans previously securitized with Ginnie Mae, where either (a) you have an unconditional repurchase option, or (b) you have repurchased the loans under such an option.
3. Loans and other assets fully collateralized by deposits.
4. The credit equivalent amount of interest rate contracts (interest-rate swaps and caps) where the counterparty is a Federal Reserve Bank.
5. Assets collateralized by U.S. Government securities other than mortgage related securities on CCR430.
6. Securities issued by, or other direct claims on, U. S. Government-sponsored agencies, including notes issued by Fannie Mae and Freddie Mac. Do not include equity securities or MBSs.

CCR455: Total

The EFS software will compute this line as the sum of CCR430 through CCR450.

CCR45: 20% Risk-Weight Total

The EFS software will compute this line as twenty percent times CCR455, the risk-weighted product of all 20 percent risk-weighted assets.

50% Risk weight**CCR460: Qualifying Single-family Residential Mortgage Loans**

Report the carrying value, outstanding balance less all specific valuation allowances, of all qualifying single-family residential mortgage loans secured by a first lien when you have no other extensions of

credit secured by a second lien on the same property to the same consumer, if such loans meet all of the following criteria:

1. You have prudently underwritten the loan.
2. The loan is performing and not more than 90 days past due.
3. The current LTV ratio is 90% or less, calculated using the value at origination, including loans individually insured by private mortgage insurance or other appropriate credit enhancement that brings the effective LTV down to 90% or less.

Notes:

1. See 12 CFR 567.1 for the definition of Qualifying Mortgage Loan.
2. A loan with an LTV higher than 90%, without PMI or other readily marketable collateral enhancement, would not typically qualify for the 50% risk weight. The Real Estate Lending Guidelines urge savings associations as well as other types of banking organizations, to require PMI or other appropriate credit enhancement if a mortgage exceeds 90% LTV. See 12 CFR 560.101, and the footnote in the section on supervisory loan-to-value limits. These guidelines constitute a supervisory presumption of safety and soundness. To overcome that presumption for a loan that exceeds 90% LTV, a bank or thrift must demonstrate to the examiners' satisfaction that the loan is both prudently underwritten, and that it qualifies for the 50% risk weight in spite of the absence of private mortgage insurance or other appropriate credit enhancement.

Also, report the combined carrying value of all mortgage and consumer loans secured by liens on the **same** one- to four-family residential property, with no intervening liens. For example, you hold extensions of credit secured by first lien and second lien positions. Include in 50 percent risk weighting, if the loan meets all the following criteria:

1. You have prudently underwritten each loan.
2. Each loan is performing and not more than 90 days past due.
3. One of the following is true:
 - a. The combined loan-to-value ratio (CLTV) does not exceed 90 percent at origination.
 - b. The combined extension of credit is insured to at least a 90 percent LTV ratio by private mortgage insurance, or there is other appropriate credit enhancement to bring the effective LTV down to 90 percent or less.
 - c. The current LTV ratio is 90% or less, calculated using the value at origination, including loans individually insured by private mortgage insurance or other appropriate credit enhancement that brings the effective LTV down to 90% or less.

When you hold the first lien and junior liens on a 1-to-4-family residential property and no other party holds an intervening lien, view the loans as a **single** extension of credit secured by a first lien on the underlying property. Use this treatment to determine the LTV ratio, as well as for risk weighting. Assign the combined loan amount to either the 50 percent or 100 percent risk category, depending on whether the credit satisfies the criteria for 50 percent risk weighting. In determining the LTV ratio, you need not include loans classified in Schedule SC as commercial loans made to businesses and secured by residential property when you calculate the CLTV ratio for that property. If such loans are not included in the CLTV ratio for that property, you should risk weight such commercial loans at 100 percent.

If there is an intervening lien, do not combine the loans because another entity holds the second lien (the intervening lien). For example, you hold a first mortgage and third lien as a home equity line. In this case, you risk weight the carrying value of the loan secured by the first lien at 50 percent if the LTV is less than 90 percent and it otherwise meets the 50 percent risk-weight criteria. You risk weight the carrying value of the loan secured by the third lien at 100 percent, regardless of the CLTV.

In addition, include the following types of loans in the definition of single-family mortgage loans. These loans must meet the criteria above to be risk weighted at 50 percent:

1. Loans on interests in cooperative buildings.

2. Loans to individuals to fund the construction of their own home that meet the definition of a qualifying mortgage loan in 12 CFR § 567.1. You may include any accrued interest receivable in the loan balance.
3. Mortgage loans on mixed-use properties that are primarily single-family residential properties.

Do not include:

1. The combined carrying value of mortgage and consumer loans secured by first or second liens on the same property when the CLTV ratio exceeds 90 percent. Report the combined carrying value of these loans on CCR506, 100% Risk weight: All Other Assets.
2. The combined carrying value of mortgage and consumer loans secured by first and second liens on the same property if any of the extensions of credit are nonperforming (nonaccrual) or more than 90 days past due. Report on CCR506, 100% Risk weight: All Other Assets.
3. A loan to a consumer collateralized by a junior lien when another lender holds an intervening lien. For example, you hold the second lien and another lender holds the first lien, or you hold the first lien and the third lien, but do not hold the second lien (intervening lien). Report the junior lien on CCR506, 100% Risk weight: All Other Assets.
4. Foreclosed real estate. Report on CCR506, 100% Risk weight: All Other Assets.
5. Loans to individuals to construct their own home that are not qualifying mortgage loans as defined in 12 CFR § 567.1. Report on CCR506, 100% Risk weight: All Other Assets.
6. The portion of loans guaranteed by FHA that may be risk weighted at 20 percent. Report on CCR450.
7. Loans to commercial entities collateralized by mortgages of third-party borrowers (warehouse loans), or small business loans collateralized by a lien on a residential property. Report on CCR506, 100% Risk weight: All Other Assets.

CCR465: Qualifying Multifamily Residential Mortgage Loans**Qualifying Multifamily Mortgage Loans (12 CFR § 567.1) Under Current Rule**

Report the carrying value plus accrued interest receivable, of permanent, first mortgages secured by first liens on multifamily residential properties consisting of five or more dwelling units that meet **all** the following criteria:

1. Amortization of principal and interest occurs over a period of not more than 30 years.
2. Original minimum maturity for repayment of principal on the loan is not less than seven years.
3. At the time you placed the loan in the 50 percent risk-weight category, the owner had made all principal and interest payments on the loan for the preceding year on a timely basis according to the loan terms (not 30 days or more past due).
4. The loan is performing and not 90 days or more past due.
5. You made the loan according to prudent underwriting standards.
6. The current outstanding loan balance does not exceed 80 percent (75 percent for variable rate loans) of the value of the property securing the loan. "Value of the property" (when you originate a loan to purchase a multifamily property) means the lower of either the purchase price or the amount of the initial appraisal, or if appropriate, the initial evaluation. Where a purchaser is not purchasing a multifamily property, but taking a new loan on his currently owned property, determine the value of the property by the most current appraisal, or if appropriate, the most current evaluation.
7. For the property's most recent fiscal year, the ratio of annual net operating income generated by the property, before payment of any debt service on the loan, to annual debt service on the loan is not less than 120 percent, (115 percent for variable-rate loans). In the case of cooperative or other not-for-profit housing projects, the property generates sufficient cash flows to provide you

comparable protection. The debt service coverage ratio should be based on a fully indexed payment that will amortize the loan over its contractual term. It has long been industry practice to offer multifamily property loans with relatively short terms compared to the amortizing payment schedule. For example, the loan may have a 10-year term and a payment based on a 30-year amortization schedule with a balloon payment at the end of the term. In such cases, the DSCR should be based on the fully amortizing, fully indexed payment over the scheduled amortization period, but no longer than 30 years.

In cases where a borrower refinances a loan on an existing property, the borrower must comply with the above criteria.

12 CFR § 567.1 defines residential property as houses, condominiums, cooperative units, and manufactured homes. This definition does not include hospitals and nursing homes. Manufactured homes are those subject to HUD regulations under Title VI of the U.S. Code.

Include mortgage loans on mixed-use properties that are primarily multifamily residential properties if they satisfy the criteria for qualifying multifamily mortgage loans.

Grandfathered Qualifying Multifamily Mortgage Loans

Qualifying multifamily mortgage loans include multifamily mortgage loans that on March 18, 1994, met the criteria of qualifying multifamily mortgage loans under our capital rule on March 17, 1994, and continue to meet those criteria, namely:

1. An existing property consisting of 5 to 36 dwelling units secures the mortgage.
2. The initial LTV ratio is not more than 80 percent.
3. For the past full year, the property's average annual occupancy rate is 80 percent or more of total units.

CCR470: Mortgage and Asset-Backed Securities Eligible for 50% Risk Weight

Mortgage-Backed Securities:

Report MBS, other than high quality MBS reported on CCR430, secured by **qualifying single-family** residential mortgage loans eligible to be reported on CCR460 or **qualifying multifamily** residential mortgage loans eligible to be reported on CCR465. Include POs secured by qualifying single-family or multifamily residential mortgage loans unless you can report them on CCR430.

If **qualifying multifamily residential mortgage loans** back the securities, you must receive timely payments of principal and interest according to the terms of the security. Generally, consider payments timely if they are not 30 days or more past due.

Note that if you have a subordinate class of an otherwise 50% risk-weight, high-quality MBS, you must gross up and risk weight your security plus the balance of all classes senior to it. However, if you are able to utilize the ratings based approach (12 CFR 567.6), it is not necessary to gross up the more senior positions. See also CC455, CC465, and CC468.

Asset-Backed Securities:

Also include asset-backed securities eligible for 50% risk weight under the ratings-based approach ("A" rated that meet all the criteria of the ratings based approach).

Do not include:

Interest Only Strips. Report credit-enhancing interest-only strips as residuals. Refer to the definitions in 12 CFR 567.1 and to the capital treatment in 12 CFR 567.6(b). See instructions for lines CCR133, CCR270, CCR375, CCR605, and SI402. Report IO and PO strips that are not credit enhancing of otherwise high quality MBS on CCR506, 100% risk weight.

CCR475: State and Local Revenue Bonds

Report securities issued by state and local governments where the revenues from a stated project such as a toll road repay the security.

CCR480: Other

Report all fifty-percent risk-weight assets not included above as defined in 12 CFR § 567.6(a)(1)(iii).

Include:

1. The credit equivalent amount of interest and exchange rate contracts (interest-rate swaps and caps) where the counterparty is an entity other than a domestic depository institution, a FHLBank, or a Federal Reserve Bank.
2. Revenue bonds issued by any public-sector entity in an OECD country that are payable solely from the revenues generated from the project financed through the issuance of the obligations.
3. Qualifying residential construction loans, also called residential bridge loans, meeting the criteria of 12 CFR § 567.1. Such loans must satisfy the following criteria:
 - a. You must make the loan according to sound lending principles to a builder with at least 15 percent equity in the project (or higher, depending upon the risk of the project) who will construct a one- to four-family residence that, when sold, will be owner-occupied.
 - b. You must obtain sufficient documentation from a permanent lender (that may be the construction lender) demonstrating all the following:
 - i. The homebuyer intends to purchase the residence.
 - ii. The homebuyer has the ability to obtain a permanent qualifying mortgage loan sufficient to purchase the residence.
 - iii. The homebuyer has made a substantial earnest money deposit.
 - c. The construction loan must meet all the following requirements:
 - i. Not exceed 80 percent of the sales price of the residence.
 - ii. Be secured by a first lien on the lot, residence under construction, and other improvements.
 - iii. Be performing and not more than 90 days past due.
 - d. The home purchaser(s) must intend that the home will be owner-occupied and must not be a business entity or any entity that is purchasing the home(s) for speculative purposes.
 - e. You must retain sufficient undisbursed loan funds throughout the construction period to ensure project completion. The builder must incur a significant percentage of direct costs; for example, the actual costs of land, labor, and material, before he draws on the loan.

CCR485: Total

The EFS software will compute this line as the sum of CCR460 through CCR480.

CCR50: 50% Risk-Weight Total

The EFS software will compute this line as 50 percent times CCR485, the risk-weighted product of all 50 percent risk-weight assets.

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.

Based on the FDIC definition of deposits in Section 3(l), each institution must complete lines DI120 through DI185, DI210, DI510, DI520, and DI530 on an unconsolidated single FDIC certificate number basis. Each separately chartered depository institution that is insured by the FDIC has a unique FDIC certificate number. When an insured institution owns another depository institution as a subsidiary, each institution should report only its own deposit liabilities in this section (i.e., the parent institution should not combine the subsidiary institution's deposit liabilities with its own in this section). Each of the above referenced lines should also include accrued interest that is reported on SC763 and exclude unposted debits and unposted credits.

The sum of DI120, DI130, DI170, and DI175 must equal the institution's assessable deposits, i.e. line DI510, less DI520.

DEPOSITS (EXCLUDING RETIREMENT ACCOUNTS) WITH BALANCES:

DI120: \$100,000 or Less

Report deposits (excluding retirement accounts) included on SC710, Deposits, and SC712, Escrows, and SC763, Accrued Interest Payable-Deposits, 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, and SC763, Accrued Interest Payable-Deposits, 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 including accrued interest 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 including accrued interest 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, and SC763, Accrued Interest Payable-Deposits, 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, and SC763, Accrued Interest Payable-Deposits, 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 including accrued interest 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 including accrued interest 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 on a unconsolidated single FDIC certificate number basis. 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.

The estimated amount of uninsured deposits reported in this item should be based on the institution's deposits included in Schedule DI, line DI510, "Total deposit liabilities before exclusions (gross) as defined in Section 3(1) of the Federal Deposit Insurance Act and FDIC regulations," less line DI520, "Total allowable exclusions (including foreign deposits)". In addition to the uninsured portion of deposits in "domestic offices" reported in Schedule SC, line SC71, the estimate of uninsured deposits should take into account all other items included in Schedule DI, line DI510 less line DI520, including, but not limited to:

- Interest accrued and unpaid on deposits in domestic offices;
- Deposits in insured branches in Puerto Rico and U.S. territories and possessions (including interest accrued and unpaid on these deposits);
- Deposits on consolidated subsidiaries in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions (including interest accrued and unpaid on these deposits); and
- Deposit liabilities that have been reduced by assets netted against these liabilities in accordance with generally accepted accounting principles.

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.

Time deposits issued to deposit brokers in the form of large (\$100,000 or more) certificates of deposit that have been participated out by the broker in shares of less than \$100,000 should also be reported as deposits of \$100,000 or less.

Data reported in lines DI350 and DI360 are used by the Federal Reserve to ensure accurate construction of the monetary aggregates for monetary policy purposes.

DI350: Time Deposits of \$100,000 or Greater (Excluding Brokered Time Deposits Participated Out by the Broker in Shares of Less Than \$100,000 and Brokered Certificates of Deposit Issued In \$1,000 Amounts Under a Master Certificate of Deposit)

Report the balance of time deposits of \$100,000 or greater. Do not include brokered time deposits participated out by the broker in shares of less than \$100,000 and brokered certificates of deposit issued in \$1,000 amounts under a master certificate of deposit.

DI360: IRA/Keogh Accounts of \$100,000 or Greater Included in Time Deposits

Report the balance of IRA / Keogh accounts of \$100,000 or greater included in time deposits.

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.
2. NOW accounts not meeting the three criteria listed above for demand deposits.
3. 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).
4. Amounts not included in SC710 or SC712, such as outstanding checks drawn against Federal Home Loan Banks.

DEPOSIT DATA FOR DEPOSIT INSURANCE PREMIUM ASSESSMENTS

GENERAL INSTRUCTIONS

Each institution must complete lines DI510, DI520, and DI530 on an unconsolidated single FDIC certificate number basis. Each separately chartered depository institution that is insured by the FDIC has a unique FDIC certificate number. When an insured institution owns another depository institution as a subsidiary, each institution should report only its own deposit liabilities in this section (i.e., the parent institution should not combine the subsidiary institution's deposit liabilities with its own in this section).

In addition, an institution that meets one of the criteria discussed below must complete lines DI540, DI550, and DI560 on an unconsolidated single FDIC certificate number basis each quarter.

Effective March 31, 2008, an institution that (a) reported \$1 billion or more in total assets as of the March 31, 2007, report date (regardless of its asset size in subsequent quarters) or (b) became insured by the FDIC on or after April 1, 2007, but before January 1, 2008, must report both quarter-end balances and daily averages for the quarter in this section of Schedule DI. In addition, an institution that meets one of the following criteria must report both quarter-end deposit totals and daily averages in Schedule DI:

1. If an institution reports \$1 billion or more in total assets in two consecutive Thrift Financial Reports subsequent to its March 31, 2007, report, the institution must begin reporting both quarter-end balances and daily averages for the quarter beginning on the later of the March 31, 2008, report date or the report date six months after the second consecutive quarter in which it reports total assets of \$1 billion or more. For example, if an institution reports \$1 billion or more in total assets in its reports for June 30 and September 30, 2007, it would have to begin reporting daily averages in its report for March 31, 2008. If the institution reports \$1 billion or more in total assets in its reports for December 31, 2008, and March 31, 2009, it would have to begin reporting daily averages in its report for September 30, 2009.
2. If an institution becomes newly insured by the FDIC on or after January 1, 2008, the institution must report daily averages in Schedule DI beginning in the first quarterly Thrift Financial Report that it files. The daily averages reported in the first report the institution files after becoming FDIC-insured would include the dollar amounts for the days since the institution began operations and zero for the days prior to the date the institution began operations, effectively pro-rating the first quarter's assessment base.

Any institution that reports less than \$1 billion in total assets in its March 31, 2007, report may continue to report only quarter-end total deposits and allowable exclusions until it meets the two-consecutive-quarter asset size test for reporting daily averages. Alternatively, the institution may opt permanently at any time to begin reporting daily averages for purposes of determining its assessment base. After an institution begins to report daily averages for its total deposits and allowable exclusions, either voluntarily or because it is required to do so, the institution is not permitted to switch back to reporting only quarter-end balances.

The amounts to be reported as daily averages are the sum of the gross amounts of total deposits (domestic and foreign) and allowable exclusions for each calendar day during the quarter divided by the number of calendar days in the quarter (except as noted above for an institution that becomes insured on or after January 1, 2008, in the first report it files after becoming insured). For days that an office of the reporting institution (or any of its subsidiaries or branches) is closed (e.g., Saturdays, Sundays, or holidays), the amounts outstanding from the previous business day would be used. An office is considered closed if there are no transactions posted to the general ledger as of that date.

DI510: TOTAL DEPOSIT LIABILITIES BEFORE EXCLUSIONS (GROSS) AS DEFINED IN SECTION 3(L) OF THE FEDERAL DEPOSIT INSURANCE ACT AND FDIC REGULATIONS

Report on an unconsolidated single FDIC certificate number basis the gross total deposit liabilities as of the calendar quarter-end report date that meet the statutory definition of deposits in Section 3(l) of the Federal Deposit Insurance Act before deducting exclusions from total deposits that are allowed in the determination of the assessment base upon which deposit insurance assessments (and FICO premiums) are calculated. Since the FDIC's amendments to its assessment regulations in 2006 did not substantially change the definition of deposits for assessment purposes, an institution's gross total deposit liabilities are the combination of all deposits reported in line SC710 (excluding unposted credits net of unposted debits), all escrows reported in line SC712, and accrued interest payable on deposits reported in line SC763.

An institution's documentation to support the amounts reported for purposes of determining its assessment base has always been, and continues to be, subject to verification. This documentation includes the actual system control summaries in the institution's systems that provide the detail sufficient to track, control, and handle inquiries from depositors about their specific individual accounts. These systems can be automated or manual. If the system control summaries have been reduced by accounts that are overdrawn, these overdrawn accounts are extensions of credit that must be treated and reported as "loans" rather than being treated as negative deposit balances.

Unposted debits and unposted credits should not be included in an institution's system control summaries. However, if they are included in the gross total deposit liabilities reported in this line, they may be excluded in line DI520 below.

DI520: TOTAL ALLOWABLE EXCLUSIONS (INCLUDING FOREIGN DEPOSITS)

Report, on an unconsolidated single FDIC certificate number basis, the total amount of allowable exclusions from deposits as of the calendar quarter-end report date if the institution maintains such records as will readily permit verification of the correctness of its reporting of exclusions. Any accrued and unpaid interest on the allowable exclusions listed below should also be reported in this item as an allowable exclusion.

The allowable exclusions include:

1. *Foreign Deposits*: As defined in Section 3(l)(5) of the Federal Deposit Insurance Act, foreign deposits include
 - (A) any obligation of a depository institution which is carried on the books and records of an office of such bank or savings association located outside of any State, unless --
 - (i) such obligation would be a deposit if it were carried on the books and records of the depository institution, and would be payable at, an office located in any State; and

- (ii) the contract evidencing the obligation provides by express terms, and not by implication, for payment at an office of the depository institution located in any State; and
- (B) any international banking facility deposit, including an international banking facility time deposit, as such term is from time to time defined by the Board of Governors of the Federal Reserve System in regulation D or any successor regulation issued by the Board of Governors of the Federal Reserve System.

NOTE: Foreign deposits are deposit obligations under the FDIC certificate number of the reporting institution only. Deposit obligations of a subsidiary depository institution chartered in a foreign country should not be included in amounts reported in Schedule DI under the domestic institution's FDIC certificate number.

2. *Reciprocal balances*: Any demand deposit due from or cash item in the process of collection due from any depository institution (not including a foreign bank or foreign office of another U.S. depository institution) up to the total amount of deposit balances due to and cash items in the process of collection due such depository institution.
3. *Drafts drawn on other depository institutions*: Any outstanding drafts (including advices and authorization to charge the depository institution's balance in another bank) drawn in the regular course of business by the reporting depository institution. These types of drafts only apply to unposted debits and unposted credits which have not been extracted from SC710 (due to the institution's system control Summaries).
4. *Pass-through reserve balances*: Reserve balances passed through to the Federal Reserve by the reporting institution that are also reflected as deposit liabilities of the reporting institution. This exclusion is not applicable to an institution that does not act as a correspondent bank in any pass-through reserve balance relationship. A state nonmember bank generally cannot act as a pass-through correspondent unless it maintains an account for its own reserve balances directly with the Federal Reserve.
5. *Depository institution investment contracts*: Liabilities arising from depository institution investment contracts that are not treated as insured deposits under section 11(a)(5) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(5)). 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.
6. *Accumulated deposits*: Deposits accumulated for the payment of personal loans that are assigned or pledged to assure payment of the loans at maturity. Deposits that simply serve as collateral for loans are not an allowable exclusion.

DI530: TOTAL FOREIGN DEPOSITS (INCLUDED IN TOTAL ALLOWABLE EXCLUSIONS)

Report on an unconsolidated single FDIC certificate number basis the total amount of foreign deposits (including International Banking Facility deposits) as of the calendar quarter-end report date included in line DI520.

DI540: TOTAL DAILY AVERAGE OF DEPOSIT LIABILITIES BEFORE EXCLUSIONS (GROSS) AS DEFINED IN SECTION 3(L) OF THE FEDERAL DEPOSIT INSURANCE ACT AND FDIC REGULATIONS

Report on an unconsolidated single FDIC certificate number basis the total daily average for the quarter of gross total deposit liabilities that meet the statutory definition of deposits in Section 3(l) of the Federal Deposit Insurance Act before deducting exclusions from total deposits that are allowed in the determination of the assessment base upon which deposit insurance assessments (and FICO premiums) are calculated. For further information on deposit amounts to be calculated, see the instructions for line DI510. For information on calculating the total daily average for the quarter, see the General Instructions for reporting Deposit Data for Deposit Insurance Assessment Purposes above.

DI550: TOTAL DAILY AVERAGE OF ALLOWABLE EXCLUSIONS (INCLUDING FOREIGN DEPOSITS)

Report on an unconsolidated single FDIC certificate number basis the total daily average for the quarter of the total amount of allowable exclusions from deposits (as defined in line DI520) if the institution maintains such records as will readily permit verification of the correctness of its reporting of exclusions.

DI560: TOTAL DAILY AVERAGE OF FOREIGN DEPOSITS

Report on an unconsolidated single FDIC certificate number basis the total daily average for the quarter of the total amount of foreign deposits (including International Banking Facility deposits) included in line DI550.

DEPOSIT DATA FOR THRIFTS PARTICIPATING IN THE TRANSACTION ACCOUNT GUARANTEE PROGRAM COMPONENT OF THE FDIC'S TEMPORARY LIQUIDITY GUARANTEE PROGRAM

The following items are to be reported by insured institutions that are participating in (i.e., have not opted out of) the Transaction Account Guarantee Program component of the FDIC's Temporary Liquidity Guarantee Program (TLGP). Thrifts would report noninterest-bearing transaction accounts (as defined in the FDIC's Temporary Liquidity Guarantee Program regulations) of more than \$250,000. (Do not include custodial or escrow accounts on which "pass-through" coverage applies).

DI570: AMOUNT OF NONINTEREST-BEARING TRANSACTION ACCOUNTS OF MORE THAN \$250,000 (INCLUDING BALANCES SWEEPED FROM NONINTEREST-BEARING TRANSACTION ACCOUNTS TO NONINTEREST-BEARING SAVINGS ACCOUNTS)

DI575: NUMBER OF NONINTEREST-BEARING TRANSACTION ACCOUNTS OF MORE THAN \$250,000

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