

Summary of Legitimate Interseries Differences

between the

Report of Transaction Accounts, Other Deposits and Vault Cash
(FR 2900)

and the

Thrift Financial Report
(OTS 1313)

Federally Chartered Savings Banks
Savings and Loan Associations
Federally Chartered Cooperative Banks

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Background

“Interseries editing” compares data reported as of similar dates for analogous items from two different reports. Interseries editing enhances data quality by reconciling reporting discrepancies. Such discrepancies may be the result of a reporting error or may instead reflect legitimate differences between item definitions associated with the two reports. This document describes legitimate differences between the **Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900)** and the **Thrift Financial Report (OTS 1313)**, hereafter referred to in this document as the Call Report.

Interseries edits are performed each quarter for each OTS 1313 reporter (i.e., federally chartered savings banks, savings and loan associations (S&Ls), and federally chartered cooperative banks) that files the FR 2900. For weekly FR 2900 reporters, interseries edits are based on a single day’s data from the two reports on the Call Report date; for quarterly FR 2900 reporters, interseries edits are based on weekly-average FR 2900 data reported for a given quarter and single-day Call Report data for that same quarter. The interseries edit tolerance amounts for FR 2900 quarterly reporters are wider than they would be for weekly updates to take this timing difference into account. Consequently, for quarterly FR 2900 reporters, “timing difference” would generally explain a large interseries edit discrepancy in unusual cases only.

A table showing all of the interseries item comparisons that are calculated each quarter is shown in the next section, followed by a table summarizing most of the legitimate differences that might arise in reconciling those comparisons. Next, two types of legitimate differences are discussed in detail: *general legitimate differences* that are valid for any item comparison, and *specific legitimate differences* that are valid only for the particular items being compared.

Interseries Edits for OTS 1313 Reporters

The following table shows the interseries item comparisons calculated each quarter for all OTS 1313 reporters that file the FR 2900 report, either weekly or quarterly.

Detailed Interseries Item Comparisons for OTS 1313 Reporters			
FR 2900		OTS 1313	
Line	Description	Code	Description
A.3.	Total transaction accounts	DI310	Schedule DI (Transaction accounts)
B.1. + B.2. + E.1.	Demand balances due from DIs + CIPC + Vault Cash + Reserve balances at FRB	SC110	Schedule SC (Cash & non-interest-earning deposits)
C.1.	Total savings deposits	DI320 + DI330	Schedule DI (Money market deposit accounts) + Schedule DI (Passbook accounts)
D.1.	Total time deposits	DI340	Schedule DI (Time deposits)
A.3. + C.1. + D.1.	Total deposits: Total transaction accounts + Total savings deposits + Total time deposits	SC710	Schedule SC (Deposits)

Summary of Legitimate Differences for OTS 1313 Reporters	
FR 2900 <i>less than</i> Call Report	FR 2900 <i>greater than</i> Call Report
<i>Total Transaction Accounts</i>	
<ul style="list-style-type: none"> • FR 2900 item excludes balances at non-U.S. branches, Edge or Agreement subsidiaries, and International Banking Facilities. • FR 2900 item may exclude certain escrow funds. 	<ul style="list-style-type: none"> • FR 2900 item includes primary obligations with original maturities of less than seven days, while the Call Report item <i>does not</i> include primary obligations. • FR 2900 reciprocal balances are reported <i>gross</i> for certain counterparties, while Call Report reciprocal balances may be reported <i>net</i> regardless of counterparty. • FR 2900 includes teller's checks for <i>more days</i> than the Call Report (FR 2900 includes balances from the time of issuance until the teller's check is paid, while the Call Report removes the deposit when it is remitted to the service provider).
<i>Demand Balances Due From DIs + Cash Items in Process of Collection (CIPC) + Vault Cash + Reserve Balances at the Federal Reserve Bank</i>	
<ul style="list-style-type: none"> • FR 2900 excludes balances at non-U.S. offices of the reporting institution. • FR 2900 item only includes those balances due from depository institutions <i>in the U.S.</i>, while the Call Report item may include balances due from depository institutions <i>outside the U.S.</i> • FR 2900 item only includes balances subject to <i>immediate</i> withdrawal by the reporting institution, while the Call Report item may include balances not subject to immediate withdrawal. • FR 2900 item does not include demand balances at the FHLB, while the Call Report item includes these balances. • FR 2900 item excludes vault cash in the form of <i>foreign</i> currency, while the Call Report item does not. 	<ul style="list-style-type: none"> • FR 2900 reciprocal balances are reported <i>gross</i> for certain counterparties, while Call Report reciprocal balances may be reported <i>net</i> regardless of counterparty.

Summary of Legitimate Differences for OTS 1313 Reporters, <i>continued</i>	
FR 2900 <i>less than</i> Call Report	FR 2900 <i>greater than</i> Call Report
<i>Total Savings Deposits</i>	
<ul style="list-style-type: none"> • FR 2900 item excludes balances at non-U.S. offices of the reporting institution. • FR 2900 item may exclude certain escrow funds. 	<ul style="list-style-type: none"> • FR 2900 item includes primary obligations in the form of savings deposits, while the Call Report items <i>do not</i> include primary obligations.
<i>Total Time Deposits</i>	
<ul style="list-style-type: none"> • FR 2900 item excludes balances at non-U.S. offices of the reporting institution. • FR 2900 item may exclude certain escrow funds. 	<ul style="list-style-type: none"> • FR 2900 item includes primary obligations with original maturities of seven days or more, while the Call Report item <i>does not</i> include primary obligations.
<i>Total Deposits</i>	
<ul style="list-style-type: none"> • FR 2900 items exclude balances at non-U.S. offices of the reporting institution. • FR 2900 <i>excludes</i> the difference between the full face amount of installment notes acquired and the amount actually credited to the dealer (dealer reserves), while the Call Report item includes this difference. 	<ul style="list-style-type: none"> • FR 2900 items may include certain escrow funds that are not included in the Call Report item. • FR 2900 items include primary obligations while the Call Report item <i>does not</i> include primary obligations. • FR 2900 reciprocal balances are reported <i>gross</i> for certain counterparties, while Call Report reciprocal balances may be reported <i>net</i> regardless of counterparty. • FR 2900 includes teller's checks for <i>more days</i> than the Call Report (FR 2900 includes balances from the time of issuance until the teller's check is paid, while the Call Report removes the deposit when it is remitted to the service provider).

Note: This table excludes late adjustments and interpretive differences because these legitimate differences are circumstance specific.

General Legitimate Differences

The following legitimate differences may apply to any interseries item comparison.

Consolidation

The FR 2900 report consolidates the head office and all branches (and operation subsidiaries and service corporations, if applicable) located in the 50 states of the United States, the District of Columbia, or on U.S. military facilities, wherever located. The deposit balances on the Call Report also include non-U.S. branches, Edge or Agreement subsidiaries, and International Banking Facilities.

Late Adjustments

Differences between FR 2900 and Call Report items frequently result from timing differences in the preparation of the two reports.

The FR 2900 is usually prepared a day or two after the report as-of date, while the Call Report is typically prepared weeks after its as-of date. As a result, Call Report items correctly include “late adjustment” amounts. The inclusion of late adjustments in Call Report values may make the FR 2900 item larger or smaller than corresponding Call Report item, depending on the type of late adjustments that were made and the items being compared.

The FR 2900 report should be revised to reflect late adjustments that are material. Single-day FR 2900 data for the Call Report date should not automatically be revised merely to match the Call Report.

Primary Obligations

Deposit balances on the FR 2900 may include primary obligations while deposit balances on the Call Report do not.

Certain liabilities of the reporting institution issued to nonexempt entities (e.g., nondepositories, such as individuals or businesses) are considered primary obligations. Except for a special class of due bills, similar liabilities issued to exempt entities (e.g., depository institutions) are not considered primary obligations. Primary obligations are reported as deposits on the FR 2900 because they are subject to reserve requirements and are considered part of the monetary aggregates. On the Call Report, however, primary obligations are not reported as deposits. For more information on primary obligations and a complete listing of exempt and nonexempt entities, see the FR 2900 instructions “Glossary of Terms,” and General Instructions, “Deposits as Defined Under Regulation D.”

Interpretive Differences

Some items may be classified on the Call Report as either deposits or accounts payable and other liabilities. On the FR 2900, these items are generally reported as deposits. When reported as accounts payable and other liabilities on the Call Report, these items are omitted from the Call Report items used in interseries edit comparisons, making FR 2900 balances higher than Call Report balances when these items are present.

Examples of items that may be classified in this manner are: undistributed payments, advance payments of taxes and insurance, undistributed payroll deductions (withheld payroll taxes), and funds received in the course of servicing loans for others.

Escrow Funds

Balances on the FR 2900 exclude certain types of escrow funds, while balances on the Call Report may or may not exclude escrow funds, depending on the item. FR 2900 balances exclude escrow funds that are held in the reporting institution's own trust department as part of the trust department's fiduciary activities, if such funds are kept properly segregated as trust funds and apart from the reporting institution's general assets. (For more information, see FR 2900 General Instructions for "Treatment of Trust Funds" and "Treatment of Escrow Funds.")

Specific Legitimate Differences

The most common explanations given for valid legitimate differences are discussed in turn below.

1. Total Transaction Accounts

FR 2900		OTS 1313	
Line	Description	Code	Description
A.3.	Total transaction accounts	DI310	Schedule DI (Transaction accounts)

Legitimate Differences:

Non-U.S. Offices: FR 2900 balance may be less than the Call Report balance. The FR 2900 item excludes balances at non-U.S. offices of the reporting institution, while the Call Report item includes these balances.

Escrow Funds: FR 2900 balance may be less than Call Report balance. The FR 2900 item excludes escrow funds that the reporting institution keeps properly segregated as trust funds. In contrast, the Call Report item does not exclude such funds. (For more information, see FR 2900 General Instructions for “Treatment of Trust Funds” and “Treatment of Escrow Funds.”)

Primary Obligations: FR 2900 balance may be greater than Call Report balance because primary obligations with original maturities of less than seven days must be included in the FR 2900 item, while the Call Report item *does not* include primary obligations.

Reciprocal Balances: FR 2900 balance may be greater than Call Report balance. FR 2900 reciprocal balances are reported *gross* for certain counterparties, while Call Report reciprocal balances may be reported *net* regardless of counterparty.

Reciprocal balances arise when a reporting institution has both a deposit due to and a balance due from the same depository institution. The FR 2900 reporting rules allow due to balances (except for due bills) to be reported *net* of due from balances, if the counterparty is a U.S. office of one of the following:

- U.S. commercial bank
- trust company conducting a commercial banking business
- industrial bank
- banker's bank that is organized as a commercial bank
- branch or agency of a foreign bank
- banking Edge or agreement corporation.

Otherwise, due to balances must be reported on a *gross* basis. For an example, see FR 2900 instructions for item A.1.a, “Demand deposits due to depository institutions.” On the Call Report, due to balances may be reported on a *net* basis, regardless of the counterparty, when a right of setoff exists.

Teller’s Checks: FR 2900 balance may be greater than Call Report balance because teller’s checks are reported on the FR 2900 (in line A.1.c, “Other demand deposits”) for *more days* than on the Call Report. On the FR 2900, the issuing depository institution reports the teller’s check in transaction accounts from the time of issuance until the teller’s check is paid. On the Call Report, the teller’s check itself is not reported but the funds received in connection with the sale of the teller’s check are reported as a deposit until remitted to the teller’s check service provider.

Example: Day 1: S&L issues \$1,000 teller's check.
 Day 2: S&L remits \$1,000 to teller's check service provider.
 Day 6: Service provider notifies S&L that check has been paid.

S&L's reporting of this transaction:

Day 1: FR 2900 (Item A.1.c) and Call Report show \$1,000 deposit.
 Day 2: Deposit is removed from Call Report.
 Day 6: Deposit is removed from FR 2900.

Result: Legitimate difference occurs on days 2 through 6.

2. Demand Balances Due From DIs plus Cash Items in Process of Collection (CIPC) plus Vault Cash plus Reserve Balances at the Federal Reserve Bank

FR 2900		OTS 1313	
Line	Description	Code	Description
B.1. + B.2. + E.1.	Demand balances due from DIs + CIPC + Vault Cash + Reserve balances at FRB	SC110	Schedule SC (Cash & non-interest-earning deposits)

Legitimate Differences:

Non-U.S. Offices: FR 2900 balance may be less than the Call Report balance. The FR 2900 items exclude balances at non-U.S. offices of the reporting institution, while the Call Report item includes these balances.

Depository Institutions Outside the U.S.: FR 2900 balance may be less than Call Report balance. FR 2900 line B.1 only includes those balances that are due from depository institutions *in the United States*. The Call Report item may include balances that are due from depository institutions *outside the United States*.

Demand Balances: FR 2900 balances may be less than Call Report balances because the Call Report item may include balances that do not meet the Regulation D definition of *demand* balances. FR 2900 line B.1 includes all balances due from depository institutions that are subject to *immediate* withdrawal by the reporting institution (i.e., no notice period prior to withdrawal is associated with these deposits, regardless of whether a notice period is ever actually exercised).

FHLB Balances: FR 2900 balance will be less than Call Report balance by the amount of demand balances that the reporting institution has at the Federal Home Loan Bank.

Foreign Currency: FR 2900 balance will be less than Call Report balance by the amount of foreign currency held as vault cash. The FR 2900 item excludes foreign currency in the vault of the reporting institution, while the Call Report item includes it.

Reciprocal Balances: FR 2900 balance may be greater than Call Report balance. FR 2900 reciprocal balances are reported *gross* for certain counterparties, while Call Report reciprocal balances may be reported *net* regardless of counterparty. See explanation of "Reciprocal Balances" under "Total Transaction Accounts" section.

3. Total Savings Deposits

FR 2900		OTS 1313	
Line	Description	Code	Description
C.1.	Total savings deposits	DI320 + DI330	Schedule DI (Money market deposit accounts) + Schedule DI (Passbook accounts)

Legitimate Differences:

Non-U.S. Offices: FR 2900 balance may be less than the Call Report balance. The FR 2900 item excludes balances at non-U.S. offices of the reporting institution, while the Call Report items include these balances.

Escrow Funds: FR 2900 balance may be less than Call Report balance. The FR 2900 item excludes escrow funds that the reporting institution keeps properly segregated as trust funds. In contrast, the Call Report items do not exclude such funds. (For more information, see FR 2900 General Instructions for “Treatment of Trust Funds” and “Treatment of Escrow Funds.”)

Primary Obligations: FR 2900 balance may be greater than Call Report balance because primary obligations in the form of savings deposits must be included in the FR 2900 item, while the Call Report item *do not* include primary obligations.

4. Total Time Deposits

FR 2900		OTS 1313	
Line	Description	Code	Description
D.1.	Total time deposits	DI340	Schedule DI (Time deposits)

Legitimate Differences:

Non-U.S. Offices: FR 2900 balance may be less than the Call Report balance. The FR 2900 item excludes balances at non-U.S. offices of the reporting institution, while the Call Report item includes these balances.

Escrow Funds: FR 2900 balance may be less than Call Report balance. The FR 2900 item excludes escrow funds that the reporting institution keeps properly segregated as trust funds. In contrast, the Call Report item does not exclude such funds. (For more information, see FR 2900 General Instructions for “Treatment of Trust Funds” and “Treatment of Escrow Funds.”)

Primary Obligations: FR 2900 balance may be greater than Call Report balance because primary obligations with original maturities of seven days or more must be included in the FR 2900 item, while the Call Report item *does not* include primary obligations.

5. Total Deposits

FR 2900		OTS 1313	
Line	Description	Code	Description
A.3. + C.1. + D.1.	Total deposits: Total transaction accounts + Total savings deposits + Total time deposits	SC710	Schedule SC (Deposits)

Legitimate Differences:

Non-U.S. Offices: FR 2900 balance may be less than the Call Report balance. The FR 2900 items exclude balances at non-U.S. offices of the reporting institution, while the Call Report item includes these balances.

Dealer Reserves: FR 2900 balance may be less than Call Report balance as a result of dealer reserves that arise in connection with an OTS 1313 reporter financing of installment notes receivable. The account reflects the difference between the full face amount of installment notes acquired by the OTS 1313 reporter and the amount actually credited by the OTS 1313 reporter to the dealer. This difference is not reported on the FR 2900 while it is reported on the Call Report. (By definition, the dealer generally does not have access to the account; therefore, amounts are not reported on the FR 2900 until the reporting institution becomes liable to the dealer.)

Escrow Funds: FR 2900 balance may be greater than the Call Report balance. Deposit balances on the FR 2900 may include certain types of escrow funds, while the Call Report item does not include any escrow funds. For FR 2900 purposes, if escrow funds are held in the reporting institution's own trust department as part of the trust department's fiduciary activities, they are to be treated as trust funds and, for reporting purposes, are subject to the provisions notes under "Treatment of Trust Funds." (For more information, see FR 2900 General Instructions for "Treatment of Trust Funds" and "Treatment of Escrow Funds.")

Primary Obligations: FR 2900 balance may be greater than Call Report balance because primary obligations must be included in the FR 2900 items, while the Call Report item *does not* include primary obligations.

Reciprocal Balances: FR 2900 balance may be greater than Call Report balance. FR 2900 reciprocal balances are reported *gross* for certain counterparties, while Call Report reciprocal balances may be reported *net* regardless of counterparty. See explanation of "Reciprocal Balances" under "Total Transaction Accounts" section.

Teller's Checks: FR 2900 balance may be greater than Call Report balance because teller's checks are reported on the FR 2900 (in line A.1.c, "Other demand deposits") for *more days* than on the Call Report. On the FR 2900, the issuing depository institution reports the teller's check in transaction accounts from the time of issuance until the teller's check is paid. On the Call Report, the teller's check itself is not reported but the funds received in connection with the sale of the teller's check are reported as a deposit until remitted to the teller's check service provider. (See example under "Total Transaction Accounts" section.)