

ATTACHMENT 1

The following letter may be used to request an explanation for any material difference noted in reconciling the deferred tax accounts from the prior year to the current year end:

Mr. John Doe, President
XYZ Bank
123 Main Street, USA 11111

Dear Mr. Doe:

An off-site analysis of your bank revealed an apparent unreconciled amount in the accounting for deferred taxes as reported in the call report. It was noted that the difference between the bank's 19X1 year-end deferred tax liability (asset) balance of \$000,000 is not totally explained by the reported deferred tax expense (benefit) of \$000,000.

In many cases, the deferred tax provision is the only item recorded in the deferred tax liability (asset) account. However, we recognize that other entries, not captured in retrievable form on the call report, are sometimes made to this account.

Accordingly, please send us a reconciliation of the 19X1 deferred tax liability (asset) balance to the 19X2 balance, including all pertinent supporting documentation. If you have questions regarding this request, please call me at (XXX) XXX-XXXX.

Sincerely,

Jane Doe
National Bank Examiner