

Board of Governors of the Federal Reserve System



Instructions for Preparation of

**Quarterly Financial Statements of Nonbank Subsidiaries
of Bank Holding Companies**

Reporting Form FR Y-11Q

Reissued June 1997

Instructions for Preparation of the Quarterly Financial Statements of Nonbank Subsidiaries of Bank Holding Companies FR Y-11Q

General Instructions

Who Must Report

The Quarterly Financial Statements of Nonbank Subsidiaries of Bank Holding Companies (FR Y-11Q) must be filed as of the close of business on the last calendar day of the quarter by the top tier bank holding company for each individual nonbank subsidiary that satisfies the following requirement:

- (1) the nonbank subsidiary is owned or controlled by a bank holding company with total consolidated assets equal to or greater than \$150 million **and**
 - (a) the total assets of the nonbank subsidiary are equal to or greater than five percent of the top tier bank holding company's consolidated Tier 1 capital **or**
 - (b) the total operating revenue of the nonbank subsidiary is equal to or greater than five percent of the top tier bank holding company's consolidated total operating revenue

Operating revenue is defined as the sum of total interest income and total noninterest income (before deduction of expenses and extraordinary items).

Each bank holding company must submit a separate FR Y-11Q for each of its nonbank subsidiaries satisfying the above criteria whether directly or indirectly owned. Each bank holding company must submit a report on a parent-only basis for each parent nonbank subsidiary meeting the criteria and submit individual reports for each lower level nonbank subsidiary required to file the report. The FR Y-11Q must be completed on a nonconsolidated basis.

A subsidiary, for purposes of this report, is defined by Section 225.2 of Federal Reserve Regulation Y, which generally includes companies 25 percent or more owned or controlled by another company. The FR Y-11Q report for a nonbank subsidiary owned by more than one bank holding company should be submitted in its entirety by the bank holding company with the majority ownership. The FR Y-11Q report for a nonbank subsidiary equally owned by two or more bank holding companies should be submitted in its entirety by the largest bank holding company based on total consolidated assets. Reports must only be filed for subsidiaries that are part of the bank holding company's organizational structure as of the last calendar day of the quarter for which the report is being filed. The FR Y-11Q should not be filed for subsidiaries that were divested or liquidated during the quarter.

A nonbank subsidiary satisfying the criteria to file the FR Y-11Q for any quarter during the calendar year should continue to file the FR Y-11Q for the remainder of the calendar year even if it no longer satisfies the requirement for filing the FR Y-11Q.

Inactive companies and companies such as namesavers or newly organized companies which have never conducted any business activity should not be reported on the FR Y-11Q. Additionally, companies that are newly incorporated are required to report upon the commencement of a business activity.

For purposes of this report, nonbank subsidiaries include, but are not limited to, commercial finance companies, leasing companies, mortgage banking companies, other depository institutions, consumer finance companies, insurance agencies or brokerages, securities brokerage and underwriting firms, venture capital corporations, small business investment companies, data processing and information services companies, and insurance underwriting companies.

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Exemptions from Reporting the Quarterly Financial Statements of Nonbank Subsidiaries of Bank Holding Companies

The following subsidiaries are exempt from submitting the Quarterly Financial Statements of Nonbank Subsidiaries of Bank Holding Companies:

- (1) any subsidiary of a “qualified foreign banking organization” as defined by Section 211.23(b) of Regulation K (12 CFR 211.23(b)) except for subsidiaries of a U.S. bank holding company which is the direct subsidiary of a qualified foreign banking organization.
- (2) any federally-insured company which is a subsidiary of a bank holding company.
- (3) any subsidiary of a bank or federally-insured company that is a subsidiary of a bank holding company.
- (4) any subsidiary of a Small Business Investment Company (SBIC controlled investment).
- (5) any subsidiary that is required to file a Report of Condition for Edge or Agreement Corporation (FR 2886b).
- (6) any subsidiary, joint venture, or portfolio investment that is required to file the Reports of Condition for Foreign Subsidiaries of U.S. Banking Organizations and the Financial Information for Foreign Subsidiaries of U.S. Banking Organizations (FR 2314).
- (7) any subsidiary required to file the Financial Statements for a Bank Holding Company Subsidiary Engaged in Bank-Ineligible Securities Underwriting and Dealing (FR Y-20)
- (8) any nondepository trust company that is a member of the Federal Reserve System and required to file the Consolidated Reports of Condition and Income.

Frequency of Reporting

This report is to be submitted quarterly as of the last calendar day of March, June, September, and December.

Preparation of the Reports

Bank holding companies are required to prepare the Quarterly Financial Statements of Nonbank Subsidiaries

of Bank Holding Companies in accordance with generally accepted accounting principles (GAAP) and with these instructions. All reports shall be reported in a consistent manner.

Bank holding companies should refer to the instructions for the preparation of the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C) or the Parent Company Only Financial Statements (FR Y-9SP) for additional information on the items requested on this report.

Cover Page

The cover page of the report must include the legal name of the bank holding company filing the FR Y-11Q and the mailing address. The name and telephone number of a contact at the holding company to whom questions about the report(s) may be directed must be indicated. The report must also be signed by an authorized officer of the bank holding company.

Legal Name of Nonbank Subsidiaries

When specifying the name of the nonbank subsidiary for which the FR Y-11Q is being filed, use the legal name of the subsidiary as it appears on the papers of incorporation or formation documents. The legal name must be the same name that is specified on the Bank Holding Company Report of Changes in Investments and Activities (FR Y-6A).

Signatures

The Quarterly Financial Statements of Nonbank Subsidiaries of Bank Holding Companies shall be signed at the places and in the manner indicated on the cover sheet by an authorized officer of the bank holding company.

When the top tier bank holding company is domiciled outside the United States, the holding company may authorize an officer of the respondent nonbank subsidiary to sign the report.

Submission of Reports

The reports are to be submitted for each report date on the report forms provided by the Federal Reserve Bank where the bank holding company’s Consolidated Financial Statements (FR Y-9C) or Parent Company Only Financial Statements (FR Y-9SP) are submitted. No caption on the report form shall be changed in any way.

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No item is to be left blank. An entry must be made for each item, i.e., an amount, a zero, or an "N/A."

All items will not be applicable to each nonbank subsidiary required to file the report. An "N/A" should be entered if the nonbank subsidiary cannot be involved in a transaction because of the nature of the organization. For example, if the subsidiary cannot have deposits because it is a nondepository institution, an "N/A" should be entered in line item 13. A zero should be entered whenever a nonbank subsidiary can participate in an activity, but may not, on the report date, have any outstanding balances.

Where to Submit the Reports

Bank holding companies submitting hard copy report forms. The original report and the number of copies specified should be submitted to the appropriate district Federal Reserve Bank. The appropriate Reserve Bank is where the bank holding company's Consolidated Financial Statements (FR Y-9C) or Parent Company Only Financial Statements (FR Y-9SP) are submitted.

All reports shall be made out clearly and legibly by typewriter or in ink. Reports completed in pencil will not be accepted.

Holding companies may submit computer printouts in a format identical to that of the report form, including all item and column captions and other identifying numbers. Although the top tier of the bank holding company is responsible for submitting the FR Y-11Q on behalf of its nonbank subsidiaries, a nonbank subsidiary may complete its own report, if it is more convenient to do so, and forward it to the top tier holding company for submission.

Electronic submission of report form. Any bank holding company interested in submitting the FR Y-11Q electronically should contact the Federal Reserve Bank in the district where the bank holding company's Consolidated Financial Statements (FR Y-9C) is submitted. Bank holding companies choosing to submit these reports electronically must maintain in their files a manually signed and attested printout of the data submitted. The cover page of the Reserve Bank supplied report forms received for that report date should be used to fulfill the signature requirement and this page should be attached to the printout placed in the bank holding company's files.

Submission Date

A bank holding company must file this report for its nonbank subsidiaries *no later* than 60 calendar days after the report date. The filing of a completed report will be considered timely, regardless of when the reports are received by the appropriate Federal Reserve Bank, if these reports are mailed first class and postmarked no later than the third calendar day preceding the submission deadline. In the absence of a postmark, a company whose completed FR Y-11Q is received late may be called upon to provide proof of timely mailing. A "Certificate of Mailing" (U.S. Postal Service form 3817) may be used to provide such proof. If an overnight delivery service is used, entry of the completed original reports into the delivery system on the day before the submission deadline will constitute timely submission. In addition, the hand delivery of the completed original reports on or before the submission deadline to the location to which the reports would otherwise be mailed is an acceptable alternative to mailing such reports. Companies that are unable to obtain the required officers' signatures on their completed original reports in sufficient time to file these reports so that they are received by the submission deadline may contact the Federal Reserve Bank to which they mail their original reports to arrange for the timely submission of their report data and the subsequent filing of their signed reports.

If the submission deadline falls on a weekend or holiday, the report must be received by 5:00 P.M. on the first business day after the Saturday, Sunday, or holiday. Any report received after 5:00 P.M. on the first business day after the Saturday, Sunday, or holiday deadline will be considered late unless it has been postmarked three calendar days prior to the original Saturday, Sunday, or holiday submission deadline (original deadline), or the institution has a record of sending the report by overnight service one day prior to the original deadline.

NOTE: A bank holding company must submit an individual report for *all* of its nonbank subsidiaries on or before the submission deadline to be considered timely.

Confidentiality

The submissions of this report, with the exceptions outlined below, are available to the public upon request on an individual basis. However, a reporting bank

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holding company may request confidential treatment for one or more of the nonbank subsidiaries for which it submits the Quarterly Financial Statements for Nonbank Subsidiaries of Bank Holding Companies if it is of the opinion that disclosure of certain commercial or financial information in the report would likely result in substantial harm to its (or its subsidiaries') competitive position or that disclosure of the submitted personal information would result in unwarranted invasion of personal privacy.

A request for confidential treatment must be submitted in writing concurrently with the submission of the report. The request must discuss *in writing* the justification for which confidentiality is requested, demonstrating the specific nature of the harm that would result from public release of the information; merely stating that competitive harm would result or that information is personal is *not* sufficient.

INFORMATION FOR WHICH CONFIDENTIAL TREATMENT IS REQUESTED SHOULD BE REPORTED SEPARATELY BOUND WITH A SEPARATE FR Y-11Q COVER SHEET LABELED "CONFIDENTIAL." THIS INFORMATION SHOULD BE SPECIFICALLY IDENTIFIED AS BEING CONFIDENTIAL.

In regard to information for which confidential treatment has been requested, the Board will advise the bank holding company, through the Reserve Bank, of any decision to make any of the information available to the public.

The following data provided in response to reporting requirements will be treated as confidential by the Federal Reserve Board:

- (1) Memoranda item 7.a, "Loans and leases past due 30 through 89 days" and Memoranda item 7.d, "Loans and leases restructured and included in past due and nonaccrual loans."

Additional Information

The Federal Reserve System reserves the right to require additional information from nonbank subsidiaries if the FR Y-11Q report is not sufficient to appraise the financial soundness of the nonbank subsidiary or to determine its compliance with applicable laws and regulations.

In addition, the Reserve Bank with whom the reporting bank holding company files its reports may request, at their discretion, the FR Y-11Q from a nonbank subsidiary that presents a supervisory concern even if the nonbank subsidiary does not satisfy the reporting requirement.

Definitions

For purposes of this report, related organizations include any organization that directly or indirectly controls the reporting nonbank subsidiary, or any organization that is controlled, directly or indirectly, by the reporting nonbank subsidiary or by the reporter's bank holding company parent(s). Related organizations include parent companies, subsidiary banks and other nonbank subsidiaries.

Nonrelated organizations include all organizations that do not meet the definition of "related organizations." Nonrelated organizations include all organizations outside of the bank holding company structure and refer to third party entities.

Rounding

All dollar amounts must be reported in thousands of dollars, with the figures rounded to the nearest thousand. Items less than \$500 should be reported as zero.

LINE ITEM INSTRUCTIONS FOR

Balance Sheet and Off-Balance Sheet

Assets

Items 1 through 7 and 9 and 10 should exclude balances with related institutions. Balances with related institutions should be reported in item 11 below.

Line Item 1 Cash and balances due from depository institutions.

Report the total of both noninterest-bearing and interest-bearing balances due from depository institutions, currency and coin, cash items in process of collection and unposted debits.

Depository institutions, as a customer of the reporting nonbank subsidiary, consist of commercial banks in the United States, credit unions, mutual and stock savings banks, savings or building and loan associations, cooperative banks, industrial banks that accept deposits, and banking organizations in foreign countries.

Balances due from depository institutions include:

- (1) noninterest-bearing funds on deposit at other depository institutions for which the reporting company has already received credit; and
- (2) interest-bearing balances due from depository institutions, whether in the form of savings or time balances, including certificates of deposit.

Exclude balances with closed or liquidating banks or other depository institutions and all loans. Also exclude balances due from subsidiary banks of the reporting bank holding company (report in item 11.b below).

Line Item 2 Held-to-maturity and available-for-sale securities.

Report in this item U.S. Treasury securities, U.S. government agency and corporation obligations, securities issued by states and political subdivisions in the U.S.,

and all other debt and equity securities. Also, include as debt securities all holdings of commercial paper. Report held-to-maturity securities in item 2.a and available-for-sale securities in item 2.b.

Line item 2.a Held-to-maturity.

Report in this item the amortized cost of held-to-maturity securities.

Line item 2.b Available-for-sale.

Report in this item the fair value of available-for-sale securities.

Line Item 3 Federal funds sold and securities purchased under agreements to resell.

Report the dollar amount outstanding held in the domestic offices of the nonbank subsidiary lent in the form of:

- (1) immediately available funds under agreements or contracts that mature in one business day or roll over under a continuing contract, regardless of the nature of the transaction or the collateral involved (i.e., whether unsecured, secured, or involving a resale agreement in securities, loans, or any other instruments), excluding overnight lending for commercial and industrial purposes;
- (2) other security resale agreements that mature in more than one business day, other than securities purchased under resale (reverse repurchase) agreements to maturity; and
- (3) purchases of participations in pools of securities that mature in more than one business day.

Exclude from this item:

- (1) Sales of so-called "term federal funds" (i.e., federal funds with a maturity of more than one business day)

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(report in item 4.a “Loans and lease financing receivables, net of unearned income”).

- (2) Federal funds sold and securities purchased under agreements to resell and similar transactions in foreign offices of the nonbank subsidiary (report in item 4.a).
- (3) Due bills representing purchases of securities or other assets by the nonbank subsidiary that have not yet been delivered and similar instruments, whether collateralized or uncollateralized (report in item 4.a).
- (4) Resale agreements that mature in more than one business day involving assets other than securities (report in item 4.a).
- (5) So-called yield maintenance dollar repurchase agreements.
- (6) All federal funds sold and securities purchased under agreements to resell with any related institution, which are to be reported in item 11 as appropriate.

Line Item 4 Loans and lease financing receivables.

Line Item 4.a Loans and lease financing receivables, net of unearned income.

Report the aggregate book value of all loans and leases of the nonbank subsidiary, net of unearned income, before the deduction of the “Allowance for loan and lease losses,” which is to be reported in item 4.b below.

Loans and lease financing receivables are extensions of credit resulting from either direct negotiation between the nonbank subsidiary and their customers or the purchase of such assets from others.

Loans may take the form of promissory notes, acknowledgments of advance, due bills, invoices, overdrafts, acceptances held, factoring account receivables, customers’ liability on trade acceptances, and similar written or oral obligations.

A lease is an agreement that transfers the right to use land, buildings, or equipment for a specified period of time. This financing device is essentially an extension of credit evidenced by an obligation between a lessee and a lessor.

Exclude:

- (1) all loans and leases with related institutions, which are to be reported in item 11 as appropriate;

- (2) all transactions reportable as federal funds sold and securities purchased under agreements to resell in item 3 above;
- (3) any loans or leases that the subsidiaries have sold or charged off;
- (4) the fair value of any assets received in full or partial satisfaction of a loan or lease (unless the asset received is itself reportable as a loan or lease) and any loans for which the nonbank subsidiary has obtained physical possession of the underlying collateral regardless of whether formal foreclosure or repossession proceedings have been instituted against the borrower; and
- (5) commercial paper.

Line Item 4.b Less: Allowance for loan and lease losses.

Report the allowance for loan and lease losses as determined in accordance with generally accepted accounting principles (GAAP) for the nonbank subsidiary. This item should exclude any allowance for loan and lease losses on loans and leases with related institutions.

Line Item 4.c Loan and lease financing receivables, net of unearned income and allowance for loan and lease losses.

Report the amount derived by subtracting items 4.b from item 4.a.

Line Item 5 Assets held in trading accounts.

Report the value of all assets held in the nonbank subsidiaries’ trading accounts. All assets held in trading accounts are to be reported in accordance with GAAP. Assets held in trading accounts include, but are not limited, to the following:

- (1) U.S. Treasury securities;
- (2) U.S. government agency and corporation obligations;
- (3) securities issued by states and political subdivisions in the U.S.;
- (4) other bonds, notes, and debentures;
- (5) certificates of deposit;

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- (6) commercial paper; and
- (7) bankers acceptances.

Line Item 6 Premises and fixed assets (including capitalized leases).

Report the book value, less accumulated depreciation or amortization, of all premises, equipment, furniture, and fixtures purchased directly or acquired by means of a capital lease. The method of depreciation or amortization should conform to generally accepted accounting principles.

Include the following as premises and fixed assets:

- (1) Premises that are actually owned and occupied (or to be occupied, if under construction) by the subsidiary.
- (2) Leasehold improvements, vaults, and fixed machinery and equipment.
- (3) Remodeling costs to existing premises.
- (4) Real estate acquired and intended to be used for future expansion.
- (5) Parking lots that are used by customers or employees of the subsidiary.
- (6) Furniture, fixtures, and movable equipment of the subsidiary.
- (7) Automobiles, airplanes, and other vehicles owned by the subsidiary and used in the conduct of its business.
- (8) The amount of capital lease property (with the subsidiary as lessee)—premises, furniture, fixtures, and equipment.
- (9) stocks and bonds issued by nonmajority-owned corporations whose principal activity is the ownership of land, buildings, equipment, furniture, or fixtures occupied or used (or to be occupied or used) by the subsidiary.

Property formerly but no longer used for nonbanking activities may be reported in this item as “Premises and fixed assets” or in item 7(b), “Other real estate owned.”

Exclude from premises and fixed assets:

- (1) Original paintings, antiques, and similar valuable objects (report in item 10, “All other assets”);

- (2) Favorable leasehold rights (report in item 9(b), “Other identifiable intangibles”); and
- (3) Loans and advances, whether secured or unsecured, to individuals, partnerships, and nonmajority-owned corporations for the purpose of purchasing or holding land, buildings, or fixtures occupied or used (or to be occupied or used) by the subsidiary (report in item 4(a) “Loans and lease financing receivables, net of unearned income”).

Line Item 7 Other real estate owned.

Report the book value (not to exceed the fair value), less accumulated depreciation, if any, of all real estate other than premises actually owned by the subsidiary.

Report in item 7.a real estate acquired in satisfaction of debts previously contracted. Report in item 7.b real estate acquired and held for investment and property originally acquired for future expansion but no longer intended to be used for that purpose.

Exclude any property necessary for the conduct of banking business (report in item 6 above, “Premises and fixed assets”).

Line Item 7.a Real estate acquired in satisfaction of debts previously contracted.

Include the following as real estate acquired in satisfaction of debts previously contracted:

- (1) Real estate acquired in any manner for debts previously contracted (including, but not limited to, real estate acquired through foreclosure and real estate acquired by deed in lieu of foreclosure), even if the nonbank subsidiary has not yet received title to the property.
- (2) Real estate collateral underlying a loan when the nonbank subsidiary has obtained physical possession of the collateral, regardless of whether formal foreclosure proceedings have been instituted against the borrower.
- (3) Foreclosed real estate sold under contract and accounted for under the deposit method of accounting in accordance with FASB Statement No. 66, “Accounting for Sales of Real Estate.”

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Line item 7.b Other real estate owned.

Report in this item all real estate acquired and held by the nonbank subsidiary for investment purposes. Property formerly but no longer used for nonbanking activities may be reported in this item as "Other real estate owned" or in item 6, as "Premises and fixed assets."

Include in this item the following:

- (1) Any real estate acquired, directly or indirectly, by the nonbank subsidiary and held for development or other investment purposes. (Do not include real estate acquired in any manner for debts previously contracted, which are to be reported in item 7.a above.)
- (2) Real estate acquisition, development, or construction (ADC) arrangements that are accounted for as investments in real estate in accordance with guidance prepared by the American Institute of Certified Public Accountants (AICPA) in Notices to Practitioners issued in November 1983, November 1984, and February 1986.
- (3) Real estate acquired and held for investment by the nonbank subsidiary that has been sold under contract and accounted for under the deposit method in accordance with FASB Statement No. 66, "Accounting for Sales of Real Estate."
- (4) Any other loans secured by real estate and advanced for real estate acquisition, development, or investment purposes if the reporting nonbank subsidiary in substance has virtually the same risks and potential rewards as an investor in the borrower's real estate venture.
- (5) Investments in corporate joint ventures, unincorporated joint ventures, and general or limited partnerships that are primarily engaged in the holding of real estate for development, resale, or other investment purposes and over which the nonbank subsidiary does not exercise significant influence.
- (6) Property originally acquired for future expansion but no longer intended to be used for that purpose.

Line Item 8 Investments in other companies.

Report the amount of the nonbank subsidiary's investments in the stock of subsidiaries, associated companies, and those joint ventures over which the respondent

exercises significant influence (collectively referred to as "investees"). Also include loans and advances to investees and holdings of their bonds, notes, and debentures.

Investments in the common stock of investees shall be reported using the equity method of accounting. Under the equity method, the carrying value of the nonbank subsidiary's investment in the common stock of an investee is originally recorded at cost but is adjusted periodically to record as income the nonbank subsidiary's proportionate share of the investee's earnings or losses and decreased by the amount of any cash dividends received from the investee and by the amount of amortized goodwill.

Line Item 9 Intangible assets.

Report in this item the unamortized cost of intangible assets. Such intangibles may arise from the following:

- (1) business combinations accounted for under the purchase method in accordance with Accounting Principles Board Opinion No. 16, as amended, and
- (2) acquisitions of portions or segments of another institution's business, such as branch offices, mortgage servicing portfolios, and credit card portfolios.

For purposes of reporting on this schedule, intangible assets should be amortized over their useful life in accordance with the provisions stated in GAAP. Bank holding companies that are registered with the Securities and Exchange Commission (SEC) should amortize their intangible assets in accordance with SEC Staff Accounting Bulletin Number 42A.

Report mortgage servicing assets in item 9.a, other identifiable intangibles in item 9.b, and goodwill in item 9.c.

Line Item 9.a Mortgage servicing assets.

Report the carrying value of mortgage servicing assets, i.e., the unamortized cost of acquiring contracts to service loans secured by real estate that have been securitized or are owned by another party, net of any related valuation allowances. Exclude servicing assets resulting from contracts to service financial assets other than loans secured by real estate. Report nonmortgage servicing assets in item 9(b), "Other identifiable intangibles."

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Line Item 9.b Other identifiable intangibles.

Report the unamortized amount of other specifically identifiable intangible assets such as purchased credit card relationships, core deposit intangibles, favorable leasehold rights, and organization costs. Also include servicing assets other than mortgage servicing assets.

Line Item 9.c Goodwill.

Report the amount (book value) of unamortized goodwill. This represents the excess of the cost of a company over the sum of the fair values of the tangible assets and identifiable intangible assets acquired less the fair value of liabilities assumed in a business combination accounted for as a purchase. The amount of goodwill reported in this item should not be reduced by any negative goodwill. Any negative goodwill arising from a business combination accounted for as a purchase must be reported in item 17, "All other liabilities."

Line Item 10 All other assets.

Report all other assets held by the respondent nonbank subsidiary. Include assets not associated with investments in other companies reported in items 8 or 9 above. Report in this item income earned but not collected, prepaid expenses, accounts receivable, and any other assets not properly reported in items 1 through 9 above.

Report all deferred tax assets in this item and deferred tax liabilities in item 17, "All other liabilities."

Exclude all balances due from related institutions. Such transactions should be reported in item 11.a, 11.b, or 11.c below.

Line Item 11 Balances with related institutions, gross.

Report all balances due from the bank holding company (parent companies only) in item 11.a; all balances due from subsidiary banks of the bank holding company in item 11.b; and all balances due from other nonbank subsidiaries of the bank holding company, in item 11.c, gross.

Line Item 11.a Balances due from bank holding company (parent companies only), gross.

Include in this item all balances (including loans and lease financing receivables) held by the nonbank sub-

sidary due from the bank holding company (parent companies only) on a gross basis.

If the respondent bank holding company is a multi-tiered bank holding company, this item should include balances due from the direct and indirect parent companies at any level in the organization.

All such balances *due to* the bank holding company (parent companies only) should be excluded from this item and included in item 18.a.

Line Item 11.b Balances due from subsidiary banks of the bank holding company, gross.

Include in this item all balances, on a gross basis, held by the nonbank subsidiary due from direct or indirect banking subsidiaries of the respondent's bank holding company.

All balances *due to* subsidiary banks of the respondent's bank holding company should be excluded from this item and included in item 18.b.

Line Item 11.c Balances due from other nonbank subsidiaries of the bank holding company, gross.

Include in this item all balances, on a gross basis, held by the nonbank subsidiary due from other nonbank subsidiaries of the respondent's bank holding company.

All balances *due to* other nonbank subsidiaries of the respondent's bank holding company should be excluded from this item and included in item 18.c.

Line Item 12 Total assets.

Report in this item the sum of items 1, 2, 3, 4.c through 11.c.

Liabilities and Equity Capital

Items 13 through 17 should exclude balances with related institutions. Balances with related institutions should be reported in item 18 below.

Line Item 13 Deposits.

Report the total amount of deposits held by the nonbank subsidiary. Both noninterest-bearing and interest-bearing deposits are to be included. Such deposits may take the form of passbook accounts, certificates of deposit, NOW accounts, money market deposit accounts, time deposit,

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open accounts, or similar deposits. Include all deposits regardless of customer or form.

Exclude all deposits due to related institutions from this item. Such deposits should be reported in items 18.a, 18.b, or 18.c below.

Line Item 14 Trading liabilities

Report the amount of liabilities from the reporting nonbank subsidiary's trading activities. Include liabilities resulting from the sales of assets that the reporting nonbank subsidiary does not own and revaluation losses from "marking to market" (or the "lower of cost or market") of interest rate, foreign exchange rate, and other commodity and equity contracts into which the reporting nonbank subsidiary has entered for trading, dealer, customer accommodation, and similar purposes.

Line Item 15 Borrowings with a remaining maturity of one year or less (including federal funds purchased).

Report the total amount of money borrowed by the nonbank subsidiary with a remaining maturity of one year or less. Report commercial paper in item 15.a and all other borrowings with a remaining maturity of one year or less, including federal funds purchased in item 15.b.

For purposes of this item, remaining maturity is the amount of time remaining from the report date until final contractual maturity of a borrowing without regard to the borrowing's repayment schedule, if any.

Line Item 15.a Commercial paper.

Report the total amount outstanding of commercial paper issued by the reporting nonbank subsidiary. Exclude commercial paper held by related institutions.

Line Item 15.b Borrowings with a remaining maturity of one year or less (including federal funds purchased).

Report the total amount of money borrowed by the nonbank subsidiary with a remaining maturity of one year or less.

Borrowings may take the form of:

- (1) demand notes issued to the U.S. Treasury;
- (2) promissory notes;

- (3) notes and bills rediscounted (including commodity drafts rediscounted);
- (4) loans sold under repurchase agreements and sales of participations in pools of loans that mature in more than one business day;
- (5) due bills issued representing the nonbank subsidiary's receipt of payment and similar instruments, whether collateralized or uncollateralized;
- (6) federal funds purchased;
- (7) "term federal funds" purchased;
- (8) securities sold under agreements to repurchase; and
- (9) mortgage indebtedness and obligations under capitalized leases with a remaining maturity of one year or less.

Exclude all borrowings with related institutions from this item. Such borrowings should be reported in item 18.a, 18.b, or 18.c. as appropriate.

Line Item 16 Borrowings with a remaining maturity of more than one year (including subordinated debt and limited-life preferred stock and related surplus).

Report the total amount of all borrowings of the nonbank subsidiary with a remaining maturity of more than one year, including subordinated debt and limited-life preferred stock including related surplus.

For purposes of this item, remaining maturity is the amount of time remaining from the report date until final contractual maturity of a borrowing without regard to the borrowing's repayment schedule, if any.

Borrowings may take the form of:

- (1) promissory notes;
- (2) perpetual debt securities that are unsecured and not subordinated;
- (3) notes and bills rediscounted (including commodity drafts rediscounted);
- (4) loans sold under repurchase agreements and sales of participations in pools of loans that mature in more than one business day;
- (5) due bills issued representing the nonbank subsidiary's receipt of payment and similar instruments, whether collateralized or uncollateralized;

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- (6) “term federal funds” purchased;
- (7) securities sold under agreements to repurchase;
- (8) notes and debentures issued by the respondent subsidiary; and
- (9) mortgage indebtedness and obligations under capitalized leases with a remaining maturity of more than one year.

Limited-life preferred stock is preferred stock that has a stated maturity date or that can be redeemed at the option of the holder. It excludes those issues of preferred stock that automatically convert into perpetual preferred stock at a stated date.

Exclude all borrowings with related institutions from this item. Such borrowings should be reported in item 18.a, 18.b, or 18.c below, as appropriate.

Line Item 17 All other liabilities.

Report the total amount of all other liabilities that cannot be properly be reported in items 13 through 16.

Include in this item liabilities such as liability on acceptances outstanding, expenses accrued and unpaid, deferred income taxes (if credit balance), negative goodwill, minority interest in the subsidiary, dividends declared but not yet payable, accounts payable (other than expenses accrued and unpaid), liability on deferred payment letters of credit, deferred gains from sale-leaseback transactions, and unamortized loan fees (other than those that represent an adjustment of the interest yield, if material).

Exclude all liabilities with related institutions from this item. Such liabilities should be reported in item 18.a, 18.b, or 18.c below, as appropriate.

Line Item 18 Balances due to related institutions, gross.

Report all balances due to the bank holding company (parent companies only) in item 18.a; all balances due to subsidiary banks of the bank holding company in item 18.b; and all balances due to other nonbank subsidiaries of the bank holding company in item 18.c, gross.

Line Item 18.a Balances due to the bank holding company (parent companies only), gross.

Report in this item all balances held by the nonbank

subsidiary due to the bank holding company (parent companies only) on a gross basis.

If the respondent bank holding company is a multi-tiered bank holding company, this item should include balances due to the direct and indirect parent companies at any level in the organization.

All such balances *due from* the bank holding company (parent companies only) should be excluded from this item and included in item 11.a above.

Line Item 18.b Balances due to subsidiary banks of the bank holding company, gross.

Include in this item all balances, on a gross basis, held by the nonbank subsidiary due to banks that are controlled, directly or indirectly, by the respondent’s bank holding company.

All balances *due from* subsidiary banks of the respondent’s bank holding company should be excluded from this item and included in item 11.b above.

Line Item 18.c Balances due to other nonbank subsidiaries of the bank holding company, gross.

Include in this item all balances, on a gross basis, held by the nonbank subsidiary due to other nonbank subsidiaries of the respondent’s bank holding company.

All balances *due from* other nonbank subsidiaries of the respondent’s bank holding company should be excluded from this item and included in item 11.c above.

Line Item 19 Total liabilities.

Report the sum of items 13 through 18.c.

Line Item 20 Equity capital.

Line Item 20.a Perpetual preferred stock.

Report the aggregate par or stated value of all outstanding perpetual preferred stock *including* any amounts received in excess of its par or stated value.

Also, a special-purpose subsidiary should report in this item trust preferred securities such as MIPS and TOPRS.

Line Item 20.b Common stock.

Report the aggregate par or stated value of common stock issued.

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Line Item 20.c Capital surplus.

Report the net amount formally transferred to the surplus account, including capital contributions, and any amount received for common stock in excess of its par or stated value on or before the report date.

Do not include any portion of the proceeds received from the sale of limited-life preferred stock in excess of its par or stated value (report in item 16 above) or any portion of the proceeds received from the sale of perpetual preferred stock in excess of its par or stated value (report in item 20.a above).

Line Item 20.d Retained earnings.

Report the amount of retained earnings (including capital reserves) as of the report date. The amount of the retained earnings should reflect the transfer of net income, declaration of dividends, transfers to surplus, and any other appropriate entries.

Adjustments of accruals and other accounting estimates made shortly after the report date that relate to the income and expenses of the year-to-date period ended as of the report date must be reported in the appropriate items of the Income Statement for that year-to-date period.

Capital reserves are segregations of retained earnings and are not to be reported as liability accounts or as reductions of asset balances. Capital reserves may be established for such purposes as follows:

- (1) Reserve for undeclared stock dividends, which includes amounts set aside to provide for stock dividends (not cash dividends) not yet declared.
- (2) Reserve for undeclared cash dividends, which includes amounts set aside for cash dividends on common and preferred stock not yet declared. (Cash dividends declared but not yet payable should be included in item 17, "All other liabilities," of this schedule.)
- (3) Retirement account (for limited-life preferred stock or notes and debentures subordinated to deposits), which includes amounts allocated under the plan for retirement of limited-life preferred stock or notes and debentures subordinated to deposits contained in the nonbank subsidiary's articles of association or in the agreement under which such stock or notes and debentures were issued.

- (4) Reserve for contingencies, which includes amounts set aside for possible unforeseen or indeterminate liabilities not otherwise reflected on the nonbank subsidiary's books and not covered by insurance.

Exclude the following from retained earnings:

- (1) The amount of the cumulative foreign currency translation adjustment (report in item 20.f).
- (2) Any portion of the proceeds received from the sale of perpetual preferred stock and common stock in excess of its par or stated value except where required by state law or regulation. (Report surplus related to perpetual preferred stock in item 20.a and surplus related to common stock in item 20.c.)
- (3) Any portion of the proceeds received from the sale of limited-life preferred stock in excess of its par or stated value (report in item 16 above).
- (4) "Reserves" that reduce the related asset balances such as valuation allowances (e.g., allowance for loan and lease losses), reserves for depreciation, and reserves for bond premiums.

Line Item 20.e Net unrealized holding gains (losses) on available-for-sale securities.

Report the difference between the amortized cost and fair value of the nonbank subsidiary's available-for-sale securities, net of tax effects, as of the report date. For most nonbank subsidiaries, all "securities," as the term is defined in FASB Statement No. 115, that are designated as "available-for-sale" will be reported as "available-for-sale securities" in item 2.b, above. However, a nonbank subsidiary may have certain assets that fall within the definition of "securities" in FASB Statement No. 115 (e.g., commercial paper or nonrated industrial development obligations) that the nonbank subsidiary has designated as "available-for-sale" which are reported for purposes of the FR Y-11Q in a balance sheet category other than "securities" (e.g., "loans and lease financing receivables"). These "available-for-sale" assets must be carried on the FR Y-11Q Balance Sheet at fair value rather than amortized cost and the difference between these two amounts, net of tax effects, must be included in this item.

Also include in this item the unamortized amount of the unrealized holding gain or loss at the date of transfer of any debt security transferred into the held-to-maturity category from the available-for-sale category. When a

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debt security is transferred from available-for-sale to held-to-maturity, the unrealized holding gain or loss at the date of transfer continues to be reported in this equity capital account, but must be amortized over the remaining life of the security as an adjustment of yield in a manner consistent with the amortization of any premium or discount.

Line Item 20.f Cumulative foreign currency translation adjustments.

Report the sum of the nonbank subsidiary's foreign currency translation adjustments accumulated in accordance with FASB No. 52. A net debit balance should be reported in parentheses.

Line Item 20.g Less: Treasury stock.

Report the total carrying value (at cost) of treasury stock as of the report date.

Line Item 20.h Total equity capital.

Report the sum of items 20.a through 20.f less item 20.g. This item must equal Changes in Equity Capital, item 7, "Equity capital at end of period."

Line Item 21 Total liabilities and equity capital.

Report the sum of items 19 and 20.h. This item must equal item 12, "Total assets."

Off-Balance-Sheet Items

Report the following selected commitments, contingencies, and other items that are not reportable as part of the Balance Sheet of the Quarterly Financial Statements of Nonbank Subsidiaries of Bank Holding Companies. *Exclude* from this schedule contingencies arising in connection with litigation.

Line Item 22 Unused commitments on securities underwriting.

Report the unsold portion of the nonbank subsidiary's own takedown in securities underwriting transactions.

Report the unused portion of commitments for which the nonbank subsidiary has charged a commitment fee or other consideration, or otherwise has a legally binding commitment.

Such commitments are to be reported regardless of whether they contain "material adverse change" clauses or other provisions that are intended to relieve the issuer of its funding obligations under certain conditions and regardless of whether they are unconditionally cancelable at any time.

Include revolving underwriting facilities (RUFs), note issuance facilities (NIFs), and other similar arrangements in this item. These are facilities under which a borrower can issue on a revolving basis short-term paper in its own name, but for which the underwriting banks have a legally binding commitment either to purchase any notes the borrower is unable to sell by the roll-over date or to advance funds to the borrower.

Line Item 23 Unused commitments on loans and all other unused commitments.

Report the unused portions of commitments that obligate the reporting nonbank subsidiary to extend credit in the form of loans or participations in loans, lease financing receivables, or similar transactions. Report the unused portion of commitments for which the nonbank subsidiary has charged a commitment fee or other consideration, *or* otherwise has a legally binding commitment. Such commitments are to be reported regardless of whether they contain "material adverse change" clauses or other provisions that are intended to relieve the issuer of its funding obligations under certain conditions and regardless of whether they are unconditionally cancelable at any time. In the case of commitments for syndicated loans, report only the nonbank subsidiary's proportional share of the commitments. Unused commitments are to be reported gross, that is, including any commitments acquired from others and any portions of commitments conveyed to others.

Include loan proceeds that the nonbank subsidiary is obligated to advance, such as loan draws, construction progress payments, seasonal or living advances to farmers under prearranged lines of credit, rotating or revolving credit arrangements, including retail credit card, check credit, and related plans, or similar transactions. Forward agreements and commitments to issue a commitment at some point in the future are to be reported in this item.

Report the unused portion of commitments to extend credit for the following loans:

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- (1) Revolving, open-end loans secured by 1–4 family residential properties, e.g., home equity lines.
- (2) Commercial real estate, construction, and land development.
- (3) Commitments to fund loans secured by real estate.
- (4) Commitments to fund loans not secured by real estate.
- (5) Credit card lines.
- (6) Overdraft facilities.
- (7) Commercial lines of credit.
- (8) Retail check credit and related plans.

Line Item 24 Standby letters of credit and foreign office guarantees.

Report the amount outstanding and unused as of the report date of all standby letters of credit (and all legally binding commitments to issue standby letters of credit) issued by the nonbank subsidiary.

The originating nonbank subsidiary must report the full outstanding and unused amount of standby letters of credit in which participations have been conveyed to others where (a) the originating and issuing nonbank subsidiary is obligated to pay the full amount of any draft drawn under the terms of the standby letter of credit *and* (b) the participating companies have an obligation to partially or wholly reimburse the originating nonbank subsidiary, either directly in cash or through a participation in a loan to the account party. The originating nonbank subsidiary also must report the amount of standby letters of credit conveyed to others through participations. The nonbank subsidiary participating in such arrangements must report the full amount of their contingent liabilities to participate in such standby letters of credit without deducting any amounts that they may have reparticipated to others. Participating nonbank subsidiaries also must report the amount of interest in transactions that they have reparticipated to others, if any. Also include those standby letters of credit that are collateralized by cash on deposit.

Line Item 25 Commercial and similar letters of credit.

Report the amount outstanding *and* unused as of the report date of issued or confirmed commercial letters of

credit, travelers' letters of credit *not issued* for money or its equivalent, and all similar letters of credit, *but excluding standby letters of credit* (which are to be reported in item 24 above). Legally binding commitments to issue commercial letters of credit are to be reported in this item.

Line Item 26 Commitments to purchase foreign currencies and U.S. dollar exchange (spot, forward, and futures).

Report the gross amount (stated in U.S. dollars) of all futures contracts, forward and spot contracts to purchase foreign (non-U.S.) currencies and U.S. dollar exchange that are outstanding as of the report date.

A purchase of U.S. dollar exchange is equivalent to a sale of foreign currency. Only one side of a foreign currency transaction is to be reported. In those transactions where foreign (non-U.S.) currencies are bought or sold against U.S. dollars, report only that side of the transaction that involves the foreign (non-U.S.) currency.

A currency futures contract is a standardized agreement for delayed delivery of a foreign (non-U.S.) currency in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified amount at a specified exchange rate. Future contracts are traded on organized exchanges that act as the counterparty to each contract.

A forward foreign exchange contract is an agreement for delayed delivery of a foreign (non-U.S.) currency in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified amount at a specified exchange rate. These contracts are not standardized and are traded in an over-the-counter market.

A spot contract is an agreement for the immediate delivery, usually within two days, of a foreign currency at the prevailing spot rate.

Contracts are outstanding (i.e., open) until they have been canceled by acquisition or delivery of the underlying currencies or, for futures contracts, by offset. ("Offset" is the purchase and sale of an equal number of contracts on the same underlying currencies for the same delivery month, executed through the same clearing member on the same exchange.)

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All amounts in this item are to be reported in U.S. dollar equivalent values.

Line Item 27 All other futures and forward contracts (excluding contracts involving foreign exchange).

Report in this item all other futures and forward contracts not included in item 26. Include in this item futures and forward interest rate contracts (e.g., U.S. Treasury securities futures, forward rate agreements, and forward agreements on U.S. government securities) and futures and forward contracts on other commodities (e.g., stock index and commodity contracts).

Report the aggregate par value of all futures and forward contracts that are related to an interest-bearing financial instrument or whose cash flows are determined by referencing interest rates or another interest rate contract.

Report futures and forward contracts that commit the nonbank subsidiary to purchase or sell agricultural products (e.g., wheat or coffee), precious metals (e.g., gold or platinum), non-ferrous metals (e.g., copper or zinc) or any other commodity.

Futures and forward contracts are agreements for delayed delivery of financial instruments or other commodities in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified instrument or commodity at a specified price.

Futures contracts are standardized, transferable agreements traded on organized exchanges that act as the counterparty to each contract. Forward contracts are not standardized and are not traded on organized exchanges.

The contract amount to be reported for futures and forward contracts on commodities is the quantity, (i.e., number of units) of the commodity or product contracted for purchase or sale multiplied by the contract price of a unit.

Line Item 28 Option contracts.

An option contract conveys either the right or the obligation, depending upon whether the reporting nonbank subsidiary is the purchaser or the writer, respectively, to (1) buy or sell a financial instrument or an interest rate futures contract on a financial instrument at a specified price by a specified future date, (2) exchange

two different currencies at a specified exchange rate, or (3) buy or sell stock options, stock index options, or other commodities. Options can be traded on organized exchanges. In addition, options can be written to meet the specialized needs of the counterparties to the transaction. These customized option contracts are known as over the counter (OTC) options and are not generally traded.

In reporting items 28.a and 28.b, do *not* net the following:

- (1) obligations of the nonbank subsidiary to buy against the nonbank subsidiary's obligations to sell, or
- (2) written options against purchased options.

Line Item 28.a Written option contracts.

Report in this item the amount of all financial instruments (aggregate *par value*), foreign currencies, and other commodities that the reporting nonbank subsidiary has obligated itself, for compensation (such as a fee or premium), to either purchase or sell under option contracts that are outstanding as of the report date.

Line Item 28.b Purchased option contracts.

Report in this item the amount of all financial instruments (aggregate *par value*), foreign currencies, and other commodities that the reporting nonbank subsidiary has purchased, for compensation (such as a fee or premium), the right to either purchase or sell under option contracts that are outstanding as of the report date. In the case of option contracts giving the reporting nonbank subsidiary the right to either purchase or sell a futures contract, report the amount of the financial instrument, foreign currency, or other commodity underlying the futures contract.

Line Item 29 Notional value of interest rate swaps.

Report the notional value of all outstanding interest rate and basis swaps, whether the swap is undertaken by the reporting nonbank subsidiary to hedge its own interest rate risk, in an intermediary capacity, or to hold in inventory. In those cases where the nonbank subsidiary is acting as an intermediary, both sides of the transaction are to be reported. Include in this item cross-currency interest rate swaps that do not involve the exchange of principal amounts between the counterparties.

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An interest rate swap is a transaction in which two parties agree to exchange the interest payment streams on a specified principal amount of assets or liabilities for a certain number of years. The notional value of an interest rate swap is the underlying principal amount upon which the exchange of interest income or expense is based.

Line Item 30 Notional value of exchange swaps.

Report the notional principal value (stated in U.S. dollars) of all outstanding cross-currency interest rate swaps, whether the swap is undertaken by the reporting nonbank subsidiary to hedge its own exchange rate risk, in an intermediary capacity, or to hold in inventory. In those cases where the nonbank subsidiary is acting as an intermediary, both sides of the transaction are to be reported.

A cross-currency interest rate swap is a transaction in which two parties agree to exchange principal amounts of different currencies, usually at the prevailing spot rate, at the inception of the agreement, which lasts for a certain number of years. Over the life of the swap, the counterparties exchange payments in the different currencies based on fixed rates of interest. When the agreement matures, the principal amounts will be re-exchanged at the same spot rate. The notional value of a cross-currency interest rate swap is the underlying principal amount upon which the exchange is based.

Line Item 31 Notional value of other swaps.

Report the notional principal value of all other swap agreements that are not reportable as either interest or foreign exchange rate contracts in items 29 or 30, above.

Line Item 32 Assets sold with recourse.

Report in this item the principal balance outstanding and the amount of recourse exposure of all financial assets that have been transferred with recourse in transactions reported as sales in accordance with generally accepted accounting principles.

Report the outstanding principal balance as of the report date for residential mortgage loans that have been pooled and that (1) have been transferred *with recourse* in transactions reported as sales in accordance with generally accepted accounting principles or (2) have been swapped with recourse with FNMA or FHLMC in exchange for participation certificates that the nonbank

subsidiary has either sold or carries as assets in Balance Sheet, item 2, "Securities" or Balance Sheet item 5, "Assets held in trading accounts."

Also report in this item the principal balance outstanding, as of the report date, of any sales of assets and loans (other than mortgages) that were sold with recourse but were reported as "sales" of assets on the nonbank subsidiary's balance sheet in accordance with generally accepted accounting principles and the guidelines above.

Line Item 33 All other off-balance-sheet liabilities.

With the exceptions listed below, report all types of off-balance-sheet items not covered in other items of this schedule.

Other off-balance-sheet liabilities include, but are not limited to, the following items:

- (1) Securities borrowed against collateral (other than cash) or on an uncollateralized basis.
- (2) Securities lent against collateral or on an uncollateralized basis.
- (3) Commitments to purchase and to sell securities that have not been issued (when-issued securities).
- (4) Participations in acceptances conveyed to others by the reporting nonbank subsidiary or acquired by the nonbank subsidiary.
- (5) Financial guarantee insurance that insures the timely payment of principal and interest on bond issues.
- (6) Letters of indemnity other than those issued in connection with the replacement of lost or stolen official checks.
- (7) Shipperside or docksideside guarantees or similar guarantees relating to missing bills of lading or title documents and other document guarantees that facilitate the replacement of lost or destroyed documents and negotiable instruments.

Exclude the following from other off-balance-sheet items:

- (1) All items that are required to be reported on the balance sheet, such as repurchase and resale agreements.
- (2) Commitments to purchase property being acquired for lease to others (reported in item 23).

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- (3) Contingent liabilities arising in connection with litigation in which the nonbank subsidiary is involved.
- (4) Signature or endorsement guarantees of the type associated with the regular clearing of negotiable instruments or securities in the normal course of business.

Memoranda

General Instructions

All transactions with related institutions are excluded from these memoranda.

Items M1 through M7 should include all loans and leases on the books of the nonbank subsidiary even if on the report date they are past due and collection is doubtful. Exclude any loans or leases the subsidiary has sold or charged off and report in item M8 below.

Report the aggregate book value of all loans and leases before deduction of the allowance for loan and lease losses. Each item in this schedule should be reported net of (1) unearned income (to the extent possible) and (2) deposits accumulated for the payment of personal loans (hypothecated deposits).

Line Item M1 Loans secured by real estate.

Report all loans (other than those to states and political subdivisions in the U.S.), regardless of purpose and regardless of whether originated by the nonbank subsidiary or purchased from others, that are secured by real estate as evidenced by mortgages, deeds of trust, land contracts, or other instruments, whether first or junior liens (e.g., equity loans or second mortgages) on real estate.

Line Item M2 Commercial and industrial loans.

Report in this item loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than by real estate) or unsecured, single-payment or installment. These loans may take the form of direct or purchased loans.

Exclude:

- (1) loans secured by real estate (report in item M1 above);

- (2) loans for the purpose of financing agricultural production, whether made to farmers or to nonagricultural businesses (report in item M5 below);

- (3) loans to finance companies and insurance companies (report in item M5 below);

- (4) loans to broker and dealers in securities, investment companies, and mutual funds (report in item M5 below);

- (5) loans to depository institutions (report in item M3 below);

- (6) loans to nonprofit organizations (report in item M5 below); and

- (7) loans to nondepository financial institutions (report in item M5 below).

Line Item M3 Loans to depository institutions.

Report in this item all loans (other than those secured by real estate), including overdrafts, to banks, other depository institutions, and other associations, companies, and financial intermediaries whose primary business is to accept deposits and to extend credit for business or for personal expenditure purposes.

Report in this item the nonbank subsidiary's holdings of all bankers acceptances accepted by unrelated banks (i.e., banks that are *not* direct or indirect subsidiaries of the respondent's bank holding company).

Exclude acceptances accepted by related banks (i.e., banks that are direct or indirect subsidiaries of the respondent's bank holding company).

Line Item M4 Loans to individuals for personal, household, and other personal expenditures.

Report in this item credit card and related plans and other loans to individuals for household, family, and other personal expenditures, whether direct loans or purchased paper.

Exclude loans secured by real estate (report in item M1) above and loans to individuals for the purpose of purchasing or carrying securities (report in item M5 below).

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Line Item M5 All other loans and lease financing receivables.

Report in this item all other loans held by the nonbank subsidiary that are not properly included in items M1 through M4 above and all lease financing receivables.

Report all outstanding receivable balances relating to direct financing and leveraged leases on property acquired by the nonbank subsidiary for leasing purposes. These balances should include the estimated residual value of leased property and must be net of unearned income.

Include all lease financing receivables of states and political subdivisions in the U.S.

Line Item M6 Loans and lease financing receivables.

Report loans and lease financing receivables (included in items M1 through M5 above), net of unearned income to U.S. addressees in item M6.a and to non-U.S. addressees in item M6.b. The sum of items M6.a and M6.b should equal the sum of items M1 through M5.

Domicile is determined by the principal residential address of an individual or the principal business address of a corporation, partnership, or sole proprietorship. If other addresses are used for correspondence or other purposes, only the principal address, insofar as it is known to the reporting institution, should be used in determining whether a customer is regarded as U.S. or non-U.S. addressee.

Line Item M6.a To U.S. addressees.

U.S. addressees (domicile) include residents of the 50 states of the United States, the District of Columbia, Puerto Rico, and U.S. territories and possessions.

Line Item M6.b To non-U.S. addressees.

Non-U.S. addressees (domicile) include residents of any foreign country.

Line Item M7 Past due and nonaccrual loans and leases.

Report the nonbank subsidiary loans and lease financing receivables that are past due 30 through 89 days and still accruing in item M7.a, past due 90 days or more and still accruing in item M7.b, in nonaccrual status in item M7.c,

restructured loans and leases included in past due and nonaccrual loans in item M7.d, and loans and leases restructured and in compliance with modified terms in item M7.e. Loan amounts should be reported net of unearned income. Report the full outstanding balances of the past due loans and lease financing receivables, not simply the delinquent payments.

Line Item M7.a Loans and leases past due 30 through 89 days.

Report loans and lease financing receivables that are contractually past due 30 through 89 days as to principal or interest payments, and still accruing. This item should include restructured loans and leases past due 30 through 89 days and still accruing.

Line Item M7.b Loans and leases past due 90 days or more.

Report loans and lease financing receivables that are contractually past due 90 days or more as to principal or interest payments, and still accruing. This item should include restructured loans and leases past due 90 days or more and still accruing.

Line Item M7.c Nonaccrual loans and leases.

Report assets, including loans, leases, and placements, accounted for on a nonaccrual status. This item should include restructured loans and leases that are in nonaccrual status. For purposes of this report, assets are to be reported as being in nonaccrual status if: (a) they are maintained on a cash basis because of deterioration in the financial position of the borrower, (b) payment in full of interest or principal is not expected, or (c) principal or interest has been in default for a period of 90 days or more unless the obligation is both well-secured and in the process of collection.

A debt is "well-secured" if it is secured (1) by collateral in the form of liens on or pledges of real or personal property, including securities, that have a realizable value sufficient to discharge the debt (including accrued interest) in full, or (2) by the guaranty of a financially responsible party. A debt is "in the process of collection" if collection of the debt is proceeding in due course either through legal action, including judgment enforcement procedures, or, in appropriate circumstances, through collection efforts not involving legal

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action which are reasonably expected to result in repayment of the debt or in its restoration to a current status.

NOTE: Loans to individuals for household, family, and other personal expenditures and loans secured by 1 to 4 family residential properties on which principal or interest is due and unpaid for 90 days or more are not required to be reported as nonaccrual loans. Nevertheless, such loans should be subject to other alternative methods of evaluation to assure that the nonbank subsidiary's net income is not materially overstated. To the extent that the nonbank subsidiary has elected to carry any loans in nonaccrual status on its books, such loans must be reported as nonaccrual in this item.

Line Item M7.d Loans and leases restructured and included in past due and nonaccrual loans.

Report in this item loans and leases that, under their modified terms, are past due 30 days or more and still accruing or are in nonaccrual status as of the report date. Such loans and leases should be included in items M7.a, M7.b, or M7.c, above.

Restructured debt includes those loans and lease financing receivables that have been restructured or renegotiated to provide a reduction of either interest or principal because of a deterioration in the financial position of the borrower. A loan extended or renewed at a stated interest rate equal to the current interest rate for new debt with similar risk is not considered restructured debt.

Exclude from this item all loans to individuals for household, family, and other personal expenditures, and all loans secured by 1–4 family residential properties. (However, restructured loans of these two types that subsequently become past due 90 days or more or are placed in nonaccrual status should be reported accordingly.)

Line Item M7.e Loans and leases restructured and in compliance with modified terms.

Report in this item loans and leases not included in item M7.d that are in compliance with their modified terms, that is, restructured loans and leases (1) on which no contractual payments of principal or interest scheduled under the modified terms are due and unpaid or (2) on which contractual payments of both principal and interest scheduled under the modified repayment terms are less than 30 days past due.

Line Item M8 Loan and lease losses.

Line Item M8.a Charge-offs.

Report the total dollar amounts of all loans and leases charged against the allowance for loan and lease losses during the calendar year-to-date.

Line Item M8.b Recoveries.

Report the total dollar amounts credited to the allowance for loan and lease losses for recoveries during the calendar year-to-date on amounts previously charged against the allowance.

Line Item M9 Loan servicing portfolio.

Line Item M9.a Number of loans in servicing portfolio.

Report the number of loans in the subsidiary's servicing portfolio (report the actual number).

Line Item M9.b Dollar amount of loans in servicing portfolio.

Report the outstanding principal balance of all loans serviced for others, rounded to the nearest thousand. Include those loans for which the reporting subsidiary has purchased the servicing rights and those which the reporting subsidiary has originated and sold, but for which it has retained servicing.

Line Item M10 Loans that have been securitized and sold without recourse with servicing retained.

Report the total amount outstanding of loans included in packages of asset-backed securities which the nonbank subsidiary has transferred in transactions that qualify as sales without recourse for which the servicing of the loans has been retained. The amounts reported should include loans securitized and sold year-to-date.

Line Item M11 Earning assets.

Report the total of all assets that the nonbank subsidiary considers earning assets. Earning assets generally include interest-bearing balances due from depository institutions; securities; federal funds sold and securities purchased under agreements to resell; loans and leases, net of unearned income; and assets held in trading accounts. Assets in these categories that are in nonaccrual status may be included in earning assets.

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Line Item M12 Other Assets.

Line Item M12.a Income earned but not collected.

Report the amount of interest, commissions, and other income earned or accrued on loans, securities, and other assets and applicable to current or prior periods that has not yet been collected.

Line Item M12.b Prepaid expenses.

Report the amount of all expenses prepaid and applicable as a charge against operations in future periods.

Line Item M12.c Net deferred tax assets.

Report the cumulative tax effect of all deductible temporary differences, operating loss carryforwards, and tax credit carryforwards in accordance with GAAP.

Report the net amount after offsetting deferred tax assets and net deferred tax liabilities measured at the report date for a particular tax jurisdiction if the net result is a debit balance.

Line Item M12.d Accounts receivable.

Report the amount owed to the nonbank subsidiary in the form of regular accounts or written promissory notes to be collected in the future arising from the sale of goods and services. Exclude notes with a maturity of more than one year.

Line Item M13 Borrowings that reprice within one year.

Report all borrowings included in Liability item 16 above, including subordinated debt, that have a remaining maturity of more than one year but have a repricing frequency of less than once a year. Exclude mortgage indebtedness and obligations under capitalized leases and limited-life preferred stock and related surplus reported in Liability item 16.

Repricing frequency is how often the contract permits the interest rate on an instrument to be changed (e.g., daily, monthly, quarterly, semiannually, annually) without regard to the length of time between the report date and the date of the next rate change.

However, a nonbank subsidiary may choose to continue reporting its floating rate long-term debt by the earliest repricing opportunity if its records provide repricing data

on the length of time between the report date and the date the rate can next change, provided that the consolidated bank holding company reports in the same manner. In addition, a nonbank subsidiary may choose to report its long-term debt that can be repaid in more than one payment on the basis of its scheduled contractual payments if the consolidated holding company reports in the same manner. A nonbank subsidiary continuing to report the floating rate debt by the earliest repricing opportunity and the multipayment debt on the basis of contractual payments should report in this item:

- (1) the dollar amount of floating or variable rate long-term debt that can be repriced in less than one year even if few, if any, of the contractual payments are scheduled to be repaid within one year. If the multipayment debt has some contractual payments scheduled to be repaid within one year, but cannot be repriced for one year or more, include the dollar amount of the contractual payments to be repaid within one year.
- (2) the dollar amount of the scheduled contractual payments that are to be repaid in less than one year if the long-term debt has fixed or predetermined rates.

Exclude from this item commercial paper and other borrowings that have a remaining maturity of one year or less.

Line Item M14 Other liabilities.

Line Item M14.a Expenses accrued and unpaid.

Report the amount of interest on deposits, interest on nondeposit liabilities, income taxes, and other expenses accrued through charges to expense during the current or prior periods, but not yet paid.

Line Item M14.b Net deferred tax liability.

Report the cumulative tax effect of all taxable temporary differences, in accordance with GAAP.

Report the net amount after offsetting deferred tax assets and net deferred tax liabilities measured at the report date for a particular tax jurisdiction if the net result is a credit balance.

Line Item M14.c Accounts payable.

Report the amount due from the reporting nonbank subsidiary for the purchase of goods and services.

LINE ITEM INSTRUCTIONS FOR THE Income Statement

General Instructions

Report in accordance with these instructions all income and expense of the nonbank subsidiary for the calendar year-to-date. Include adjustments of accruals and other accounting estimates made shortly after the end of a reporting period which relate to the income and expense of the reporting period.

A nonbank subsidiary that began operating during the reporting period should report all income earned and expense incurred since it commenced operations *and* all pre-opening income earned and expenses incurred from inception until that date.

Line Item 1 Interest income.

Report all interest, fees and similar income received by the nonbank subsidiary from nonrelated organizations in item 1.a and on balances due from related organizations in item 1.b. Include income resulting from interest earned on loans and leases (including related fees); income on balances due from depository institutions; interest and dividends on securities; interest from assets held in trading accounts; interest on federal funds sold and securities purchased under agreements to resell; and any other interest income received by the nonbank subsidiary.

Deduct interest rebated to customers on loans paid before maturity from gross interest earned on loans; do not report as an expense. Exclude from this item:

- (1) loan fees that are not yield-related, such as management fees and servicing fees on real estate mortgage or other loans which are not assets of the nonbank subsidiary (report in item 5 below);
- (2) net gains or losses from the sale of assets (report in item 5 or 7, as appropriate); and

- (3) charges to merchants for handling credit card or charge sales when the nonbank subsidiary does not carry the related loan accounts on their books (report in item 5 below).

Line Item 1.a Interest and fee income from nonrelated organizations.

Report in this item interest, fees, and similar income from nonrelated organizations.

Line Item 1.b Interest and fee income from related organizations.

Report in this item interest, fees, and similar income from related organizations.

Line Item 1.c Total interest income.

Report the sum of items 1.a and 1.b.

Line Item 2 Interest expense.

Report the total amount of interest expense of the nonbank subsidiary pertaining to nonrelated organizations in item 2.a and pertaining to related organizations in item 2.b.

Include expenses on deposits, on federal funds purchased and securities sold under agreements to repurchase, on short- and long-term borrowings, on subordinated notes and debentures, on mandatory securities, on mortgage indebtedness and obligations under capitalized leases, and all other interest expense.

Line Item 2.a Interest expense pertaining to nonrelated organizations.

Report in this item all interest expense pertaining to nonrelated organizations.

Income Statement

Line Item 2.b Interest expense pertaining to related organizations.

Report in this item all interest expense pertaining to related organizations.

Line Item 2.c Total interest expense.

Report in this item the sum of items 2.a and 2.b.

Line Item 3 Net interest income.

Report the difference between item 1.c, "Total interest income," and item 2.c, "Total interest expense." Enclose the amount in parentheses if it is negative.

Line Item 4 Provision for loan and lease losses.

Report the amount needed to make the allowance for loan and lease losses, as reported in Balance Sheet, item 4.b, adequate to absorb expected loan and lease losses, based upon management's evaluation of the nonbank subsidiary's current loan and lease portfolio. Enclose negative amounts in parentheses.

The amount reported here may differ from the bad debt expense deduction taken for federal income tax purposes.

Item 5 Noninterest income.

Report in the appropriate subitem all other income not properly reported in item 1c, "Total interest income" that is derived from activities in which the nonbank subsidiary is engaged. Report noninterest income from nonrelated organizations in item 5.a and from related organizations in item 5.b.

Also, a nonbank subsidiary may include as other noninterest income in item 5.a(7) or 5.b below net gains (losses) from the sale of loans and certain other assets as long as the nonbank subsidiary reports such transactions on a consistent basis.

Line Item 5.a From nonrelated organizations.

Report the amount of all income earned from nonrelated organizations in the appropriate item below.

Line Item 5.a(1) Income from fiduciary activities.

Report gross income from services rendered by the trust department of the nonbank subsidiary or the nonbank subsidiary acting in any fiduciary capacity.

Report the word "N/A" if the nonbank subsidiary has no trust departments or renders no services in any fiduciary capacity.

Line Item 5.a(2) Income from underwriting activities.

Report all income from underwriting activities. If a net loss, enclose the amount in parentheses.

Line Item 5.a(3) Income from brokerage activities.

Report all income from brokerage activities.

Line Item 5.a(4) Income from loan servicing.

Report all income from the servicing of real estate mortgages or other loans held by others.

Line item 5.a(5) Trading revenue

Report the net gain or loss from trading cash instruments and off-balance-sheet derivative contracts (including commodity contracts) that has been recognized during the calendar year-to-date.

Include as trading revenue:

- (1) Revaluation adjustments to the carrying value of assets and liabilities reportable in Balance Sheet item 5, "Assets held in trading accounts," and Balance Sheet item 14, "Trading liabilities," resulting from the periodic marking to market of such assets and liabilities.
- (2) Revaluation of adjustments from the periodic marking to market of interest rate, foreign exchange, equity derivative, and commodity and other contracts held for trading.
- (3) Incidental income and expense related to the purchase and sale of assets and liabilities reportable in Balance Sheet item 5, "Assets held in trading accounts," and Balance Sheet item 15, "Trading liabilities," and off-balance-sheet derivative contracts held for trading.

If the amount to be reported in this item is a net loss, enclose it in parentheses.

Income Statement

Line Item 5.a(6) Service charges, commissions, and fees.

Report in this item, the amounts charged depositors who maintain accounts with the nonbank subsidiary or who fail to maintain specified minimum deposit balances; charges based on the number of checks drawn on and deposits made in deposit accounts; and charges for checks drawn on “no minimum-balance” deposit accounts.

Also report any other service charges, commissions, and fees charged by the nonbank subsidiary to nonrelated organizations.

Exclude all intercompany service charges, commissions, and fees.

Line Item 5.a(7) Other noninterest income.

Report all other noninterest income derived from nonrelated organizations that is not reported above.

Line Item 5.b From related organizations.

Report in this item all noninterest income derived from related organizations. Exclude the parent’s equity in undistributed income of nonbank subsidiaries from this item and report in item 11 below.

Line Item 5.c Total noninterest income.

Report the sum of items 5.a(1) through 5.a(7) and 5.b.

Line Item 6 Realized gains (losses) on held-to-maturity securities and available-for-sale securities.

Report the net gain or loss on held-to-maturity securities in item 6.a and the net gain or loss on available-for-sale securities in item 6.b. The realized gain or loss is the difference between the sales price (excluding interest at the coupon rate accrued since the last interest payment date, if any) and the amortized cost. Also include in this item the write-downs of the cost basis of individual held-to-maturity and available-for-sale securities for other-than-temporary impairments. If the amount to be reported in this item is a net loss, enclose it in parentheses.

Do not adjust for applicable income taxes (income taxes applicable to gains (losses) on held-to-maturity and

available-for-sale securities are to be included in the applicable income taxes reported in item 9 below).

Line Item 6.a Realized gains and losses on held-to-maturity securities.

Report the net gain or loss realized during the calendar year-to-date from the sale, exchange, redemption, or retirement of Balance Sheet, item 2.a. “Held-to-maturity securities.”

Line Item 6.b Realized gains and losses on available-for-sale securities.

Report the net gain or loss realized during the calendar year-to-date from the sale, exchange, redemption, or retirement of Balance Sheet, item 2.b. “Available-for-sale securities.”

Line Item 7 Noninterest expense.

Report in the appropriate subitem all other expense not properly reported in item 2.c, “Total interest expense” that is incurred from activities in which the nonbank subsidiary is engaged. Report noninterest expense pertaining to nonrelated organizations in item 7.a and pertaining to the organization in item 7.b.

Also, a nonbank subsidiary may include as other noninterest expense in item 7.a or 7.b(3) below net losses (gains) from the sale of loans and certain other assets as long as the nonbank subsidiary reports such transactions on a consistent basis.

Line Item 7.a Pertaining to nonrelated organizations.

Report the amount of noninterest expense of the nonbank subsidiary pertaining to activities with nonrelated organizations. Report all noninterest expense that the reporting subsidiary incurs related to income earned in business transactions with organizations outside of the bank holding company structure (i.e., third party transactions).

Line item 7.b Pertaining to the organization.

Report the amount of noninterest expense of the nonbank subsidiary, not reported in item 7.a, in the appropriate item below.

Income Statement

Line Item 7.b(1) Salaries and employee benefits.

Report salaries and benefits of all officers and employees of the nonbank subsidiary including guards and contracted guards, temporary office help, dining room and cafeteria employees, and building department officers and employees (including maintenance personnel).

Include gross salaries, wages, and other compensation; contributions to retirement plan, pension fund and profit-sharing plan; employee stock ownership plan, employee stock purchase plan, and employee savings plan; social security and other taxes paid by the nonbank subsidiary; health and life insurance premiums; relocation and tuition programs; and the cost of all other fringe benefits for officers and employees.

Line Item 7.b(2) Expenses on premises and fixed assets.

Report all noninterest expenses related to the use of premises, equipment, furniture, and fixtures, net of rental income, that are reportable in Balance Sheet, item 6, "Premises and fixed assets." If this net amount is a credit balance, enclose it in parentheses.

Deduct rental income from gross premises and fixed asset expense. Rental income includes all rentals charged for the use of buildings not incident to their use by the reporting nonbank subsidiary, including rentals by regular tenants of the nonbank subsidiary, income received from short-term rentals of other facilities of the nonbank subsidiary, and income from sub-leases. Also deduct income from assets that indirectly represent premises, equipment, furniture, or fixtures reportable in Balance Sheet, item 6, "Premises and fixed assets."

Include normal and recurring depreciation and amortization charges against assets; all operating lease payments made by the nonbank subsidiary on premises and equipment; cost of ordinary repairs to premises (including leasehold improvements), equipment, furniture, and fixtures; cost of service or maintenance contracts for equipment, furniture, and fixtures; insurance expense related to the use of premises, equipment, furniture, and fixtures; all property tax and other tax expense related to premises (including leasehold improvements), equipment, furniture, and fixtures; cost of heat, electricity, water, and other utilities connected with the use of premises and fixed assets; cost of janitorial supplies and outside janitorial services; and services and fuel,

maintenance, and other expenses related to the use of the nonbank subsidiary-owned automobiles, airplanes, and other vehicles for the nonbank subsidiary's business.

Line Item 7.b(3) Other noninterest expense.

Report all operating expenses of the nonbank subsidiary for the calendar year-to-date not required to be reported in items 7.b(1) or 7.b(2).

Include fees paid to directors and advisory directors for attendance at board of directors or committee meetings; premiums on fidelity insurance, directors' and officers' liability insurance, and life insurance policies for which the nonbank subsidiary is the beneficiary; federal deposit insurance premium; Comptroller of the Currency assessment expense; legal fees and other direct costs incurred in connection with foreclosures; and advertising, promotional, public relations, and business development expenses; data processing cost; minority interest in the net income or loss of the nonbank subsidiary; and all other noninterest expenses pertaining to related organizations.

Line Item 7.c Total noninterest expense.

Report in this item the sum of items 7.a and 7.b(1) through 7.b(3).

Line Item 8 Income before taxes, extraordinary items, and other adjustments.

Report the sum of items 3, 5.c, 6.a, and 6.b, minus items 4 and 7.c. If the result is negative, enclose the amount in parentheses.

Line Item 9 Applicable income taxes (benefits) (estimated).

Report the total estimated federal, state and local, and foreign income tax expense applicable to item 8, "Income before taxes, extraordinary items, and other adjustments," including the tax effects of gains (losses) on securities not held in trading accounts (i.e., available-for-sale securities and held-to-maturity securities). Include both the current and deferred portions of these income taxes. If the amount is a tax benefit rather than a tax expense, enclose it in parentheses. Include as applicable income taxes all taxes based on a net amount of taxable

Income Statement

revenue less deductible expenses. Exclude from applicable income taxes all taxes based on gross revenues or gross receipts.

Line Item 10 Extraordinary items, net of income taxes.

Report the total of extraordinary items and other adjustments, net of income taxes. Include in this item the material effects of any extraordinary items and the cumulative effect of all changes in accounting principles except those required to be reported as a change in equity capital in accordance with GAAP.

Line Item 11 Equity in undistributed income (loss) of subsidiary(s).

Report the amount of the parent nonbank subsidiary's proportionate interest in the nonbank subsidiary's(s') net income (loss) less any dividends declared by the nonbank subsidiary(s) for the calendar year-to-date.

Line Item 12 Net income (losses).

Report the sum of items 8, 10, and 11 minus item 9. If this amount is a net loss, enclose it in parentheses. This item must equal Changes in Equity Capital, item 2, "Net income."

LINE ITEM INSTRUCTIONS FOR

Changes in Equity Capital

General Instructions

Total equity capital includes perpetual preferred stock, common stock, capital surplus, retained earnings, and cumulative foreign currency translation adjustments. All amounts, other than those reported in items 1 and 5, should represent net aggregate changes for the calendar year-to-date. Enclose all net decreases and losses (net reductions of equity capital) in parentheses.

Line Item 1 Equity capital end of previous calendar year.

Report the subsidiary's total equity capital balance as of the previous calendar year-end as originally reported before the filing of amended report(s).

Line Item 2 Net income (loss).

Report the net income (loss) for the calendar year-to-date as reported on the Income Statement, item 12, "Net income (loss)."

Line Item 3 Sale, conversion, acquisition, or retirement of common stock and perpetual preferred stock.

Report the changes in the subsidiary's total equity capital resulting from the sale, conversion, acquisition, or retirement of the subsidiary's capital stock. Limited-life preferred stock is not included in equity capital.

Report in this item the total amount of new capital stock issued, net of any expenses associated with the issuance of the stock.

Report in this item the changes in the subsidiary's total equity capital resulting from:

- (1) The conversion of convertible debt or limited-life preferred stock into perpetual preferred stock.
- (2) The conversion of convertible debt, limited-life

preferred stock, or perpetual preferred stock into common stock.

(3) Exercise of stock options, including:

(a) Any income tax benefits to the subsidiary resulting from the sale of the subsidiary's own stock acquired under a qualified stock option within three years of its purchase by the employee who had been granted the option.

(b) Any tax benefits to the subsidiary resulting from the exercise (or granting) of nonqualified stock options (on the subsidiary's stock) based on the difference between the option price and the fair market value of the stock at the date of exercise (or grant).

(4) Retirement of perpetual preferred stock or common stock including:

(a) The net decrease in equity capital which occurs when cash is distributed in lieu of fractional shares in a stock dividend.

(b) The net increase in equity capital when a stockholder who receives a fractional share from a stock dividend purchases the additional fraction necessary to make a whole share.

Line Item 4 LESS: Cash dividends declared.

Report in item 4.a, cash dividends declared on common stock, and in item 4.b, cash dividends declared on preferred stock.

Cash dividends are payments of cash to stockholders in proportion to the number of shares they own. Cash dividends on preferred and common stock are to be reported on the date they are declared by the nonbank subsidiary's board of directors (the declaration date) by debiting "retained earnings" and crediting "dividends declared not yet payable," which is to be reported in

other liabilities. Upon payment of the dividend, “dividends declared not yet payable” is debited for the amount of the cash dividend with an offsetting credit, normally in an equal amount, to “dividend checks outstanding.”

A liability for dividends payable may *not* be accrued in advance of the formal declaration of a dividend by the boards of directors. However, the nonbank subsidiary may segregate a portion of retained earnings in the form of a capital reserve in anticipation of the declaration of a dividend.

Line Item 4.a Preferred.

Report all cash dividend declared on limited-life and perpetual preferred stock by the nonbank subsidiary during the calendar year-to-date, including dividends not payable until after the report date.

Do not include dividends declared during the previous calendar year but paid in the current period.

Line Item 4.b Common.

Report all cash dividends declared on common stock by the nonbank subsidiary during the calendar year-to-date, including dividends not payable until after the report date.

Do not include dividends declared during the previous calendar year but paid in the current period.

Line Item 5 Foreign currency translation adjustments.

Report the increase or decrease during the calendar

year-to-date in the cumulative foreign currency translation adjustments and qualifying foreign currency transaction gains and losses, net of applicable income taxes, if any.

Line Item 6 Other adjustments.

Report in this item all adjustments to equity capital that are not properly reported in items 1 through 5 above. This item should include the following:

- (1) changes incident to business combinations.
- (2) cumulative effect of changes in accounting principles from prior years.
- (3) corrections of material accounting errors from prior years.
- (4) changes in net unrealized holding gains (losses) on available-for-sale.
- (5) sales of treasury stock.
- (6) LESS: Purchases of treasury stock.
- (7) changes in offsetting debit to the liability for Employee Stock Ownership Plan (ESOP) debt guaranteed by the subsidiary.

Line Item 7 Equity capital at end of current period.

Report the sum of items 1, 2, 3, 5, 6, less items 4.a and 4.b. This item must equal Balance Sheet item 20.h, “Total equity capital.”

FR Y-11Q CHECKLIST

FRS EDCK	Balance Sheet
050	1. Item 4.a minus 4.b equals item 4.c
080	2. Sum of items 1 through 3 and 4.c through 11.c equals item 12
100	3. Sum of items 13 through 18.c equals item 19
110	4. Sum of items 20.a through 20.f minus 20.g equals item 20.h
120	5. Sum of items 19 and 20.h equals item 21
125	6. Item 21 equals item 12
FRS EDCK	Income Statement
250	1. Sum of items 1.a and 1.b equals item 1.c
260	2. Sum of items 2.a and 2.b equals item 2.c
270	3. Item 1.c minus 2.c equals item 3
280	4. Sum of items 5.a(1) through 5.b equals item 5.c
290	5. Sum of items 7.a through 7.b(3) equals 7.c
300	6. Sum of items 3, 5.c, 6.a, and 6.b minus items 4 and 7.c equals item 8
310	7. Sum of items 8, 10 and 11 minus item 9 equals item 12
FRS EDCK	Changes in Equity Capital
360	1. Item 2 equals Income Statement item 12
370	2. Sum of items 1, 2, 3, 5, and 6 minus items 4.a and 4.b equals item 7
375	3. Item 7 equals Balance Sheet item 20.h