Board of Governors of the Federal Reserve System

Instructions for Preparation of

Parent Company Only Financial Statements for Small Bank Holding Companies

Reporting Form FR Y-9SP

Issued June 1998

Instructions for Preparation of Parent Company Only Financial Statements for Small Bank Holding Companies

General Instructions

All bank holding companies, regardless of size, are required to submit financial statements to the appropriate Federal Reserve Bank, unless specifically exempted (see description of exemptions below).

Who Must Report on What Forms

The specific reporting requirements for each bank holding company depend upon the size of the holding company, whether the holding company engages in a nonbank activity (either directly or indirectly) involving financial leverage or engages in credit extending activities, or whether the bank holding company has debt outstanding to the general public. Bank holding companies must file the appropriate forms as described below:

(1) **One Bank Holding Companies With Total Consolidated Assets of Less Than $150 Million**—Bank holding companies that own or control one subsidiary bank and have total consolidated assets of less than $150 million must file the *Parent Company Only Financial Statements for Small Bank Holding Companies (FR Y-9SP)* on a semiannual basis, as of the last calendar day of June and December.

For tiered bank holding companies. Except as noted below, when one bank holding companies with total consolidated assets of less than $150 million own or control, or are owned or controlled by, other bank holding companies (i.e., are tiered bank holding companies), the top-tier holding company must file the FR Y-9SP for the top-tier parent company of the bank holding company. *In addition, such tiered bank holding companies, must also submit, or have the subsidiary bank holding company submit, a separate FR Y-9SP for each lower-tier bank holding company.*

NOTE: When a bank holding company that has total consolidated assets of less than $150 million is a subsidiary of a bank holding company with total consolidated assets of $150 million or more, the bank holding company with total consolidated assets of less than $150 million would report on the FR Y-9LP rather than the FR Y-9SP.

(2) **Multibank Holding Companies with Total Consolidated Assets of Less Than $150 Million, Without any Debt Outstanding to the General Public[1] and Not Engaged in Certain Nonbanking Activities[2]**—These organizations may file the Parent Company Only Financial Statements for Small Bank Holding Companies (FR Y-9SP) on a semiannual basis, as of the last calendar day of June and December. Before March 1994, all multibank holding companies (i.e., owning or controlling more than one bank as defined by Regulation Y) were required to file the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C), regardless of size. **However, the Reserve Bank with whom the reporting bank holding company (meeting the criteria described above) files its reports may require that the consolidated report be submitted to meet supervisory needs.**

The FR Y-9SP consists of a balance sheet, income statement, and memoranda items.

(3) **Bank Holding Companies with Total Consolidated Assets of $150 Million or More and All Multibank Holding Companies with Debt Outstanding to the General Public or Engaged in Certain Nonbanking Activities**—Bank holding

1. Debt outstanding to the general public is defined to mean debt held by parties other than financial institutions, officers, directors, and controlling shareholders of the banking organization or their related interests.

2. Engaged in certain nonbanking activities is defined to mean engaged in a nonbank activity (either directly or indirectly) involving financial leverage or engaged in credit extending activities. Financial leverage is the use of debt to supplement the equity in a company's capital structure.

companies with total consolidated assets of $150 million or more (the top-tier of a multi-tiered holding company, when applicable) and *all* multibank bank holding companies with debt outstanding to the general public or engaged in certain nonbanking activities (as defined), regardless of size, must file:

(a) **the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C)** quarterly, as of the last calendar day of March, June, September, and December. The FR Y-9C consists of Schedules HC, HC-A through HC-IC, HI, HI-A, and HI-B.

(b) **the Parent Company Only Financial Statements for Large Bank Holding Companies (FR Y-9LP)** quarterly, as of the last calendar day of March, June, September, and December.

Each bank holding company that files the FR Y-9C must submit the FR Y-9LP for its parent company.

The FR Y-9LP consists of Schedules PC, PC-A, PC-B, PI, and PI-A.

For tiered bank holding companies. When bank holding companies with total consolidated assets of $150 million or more, or multibank holding companies with debt outstanding to the general public or engaged in certain nonbanking activities (as defined), own or control, or are owned or controlled by, other bank holding companies (i.e., are tiered bank holding companies), only the top-tier holding company must file the FR Y-9C for the consolidated bank holding company organization.

EXCEPTION: If a bank holding company owns or controls other bank holding companies that have total consolidated assets of $1 billion or more, that top-tier bank holding company must submit a FR Y-9C for each such lower-tiered banking organization.

In addition, such tiered bank holding companies, regardless of the size of the subsidiary bank holding company, must also submit, or have the bank holding company subsidiary submit, a separate FR Y-9LP for each lower-tier bank holding company. The instructions for the FR Y-9C and the FR Y-9LP are not included in this instruction booklet, but they may be obtained from the Federal Reserve Bank in the District where the bank holding company files its reports.

Exemptions from Reporting the Bank Holding Company Financial Statements

The following bank holding companies do not have to file bank holding company financial statements:

(a) a bank holding company that has been granted an exemption under Section 4(d) of the Bank Holding Company Act; or

(b) ‘‘qualified foreign banking organization’’ as defined by section 211.23(b) of Regulation K (12 CFR 211.23 (b)) that controls a U.S. subsidiary bank.

Bank holding companies that are not required to file under the above criteria may be required to file this report by the Federal Reserve Bank of the district in which they are registered.

Frequency of Reporting

The Parent Company Only Financial Statements for Small Bank Holding Companies (FR Y-9SP) are required to be submitted semiannually as of the last calendar day of June and December.

Shifts in Reporting Status

A one bank holding company that acquires ownership or control of a second bank (i.e., becomes a multibank holding company) either directly or indirectly through the merger with another bank holding company should continue to file the FR Y-9SP if its total consolidated assets remain at less than $150 million and it does not have any debt outstanding to the general public and is not engaged in certain nonbanking activities (as defined).

When a one bank holding company acquires ownership or control of a second bank (i.e., becomes a multibank holding company), either directly or indirectly through the merger with another bank holding company and also has debt outstanding to the general public or engages in certain nonbanking activities (as defined), it must begin to file the FR Y-9C and the FR Y-9LP (rather than the FR Y-9SP) report forms for the first quarterly report date following the acquisition or merger.

General Instructions

A one bank holding company that reaches $150 million or more in total consolidated assets should begin reporting on the FR Y-9C report form in the quarter following the report on which its total consolidated assets reaches or exceeds $150 million. In general, once a bank holding company exceeds $150 million in total consolidated assets and begins filing the FR Y-9C, it should always file the FR Y-9C.

When a multibank holding company through the consolidation or sale of its banks becomes a one bank holding company, it may file the FR Y-9SP (rather than the FR Y-9C and FR Y-9LP) if its total consolidated assets are below $150 million. **However, the Reserve Bank with whom the reporting bank holding company files its reports may require, after notifying the holding company, that the consolidated report be submitted to meet supervisory needs.**

Organization of the Instruction Book

The instruction book is divided into three sections:

(1) The General Instructions describe overall reporting requirements.

(2) The Line Item Instructions for the balance sheet for the parent company only of the bank holding company.

(3) The Line Item Instructions for the income report for the parent company only of the bank holding company.

Additional copies of this instruction book may be obtained from the Federal Reserve Bank in the district where reporting bank holding company submits its FR Y-9SP reports.

Preparation of the Reports

Bank holding companies are required to prepare and file the Parent Company Only Financial Statements for Small Bank Holding Companies in accordance with generally accepted accounting principles (GAAP) and these instructions. All reports shall be prepared in a consistent manner.

The bank holding company's financial records shall be maintained in such a manner and scope so as to ensure that the Parent Company Only Financial Statements for Small Bank Holding Companies can be prepared and filed in accordance with these instructions and reflect a fair presentation of the bank holding company's financial condition and results of operations. Questions and requests for interpretations of matters appearing in any part of these instructions should be addressed to the appropriate Federal Reserve Bank (that is, the Federal Reserve Bank in the district where the bank holding company submits this report).

Accrual Basis Reporting

All reports must be prepared on an accrual basis. On the accrual basis, income is recognized at the time it is earned, not necessarily when it is received. Expenses are recognized as they are incurred, not necessarily when they are paid.

Equity Method of Accounting for Investments in Bank and Nonbank Subsidiaries and Associated Companies

Each bank holding company in preparing its parent company only financial statements shall account for all investments in subsidiaries, associated companies, and those corporate joint ventures over which the bank holding company exercises significant influence according to the equity method of accounting, as prescribed by GAAP. The equity method of accounting is described in items 4, 5, and 6 on the Balance Sheet.

Signatures

The Parent Company Only Financial Statements for Small Bank Holding Companies must be signed by an authorized officer of the bank holding company.

Submission of the Reports

The reports are to be submitted for each report date on the report forms provided by the Federal Reserve Bank in the district where the majority of the parent bank holding company's subsidiary commercial bank deposits are located or where the bank holding company has traditionally reported. No caption on the report forms shall be changed in any way.

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."

A ‘‘N/A’’ should be entered only if the reporting bank holding company cannot report a line item because of the nature of their organization. For example, if the parent company does not own any subsidiary bank holding companies, a ‘‘N/A’’ should be entered in the Balance Sheet items 6(a), 6(b), and 6(c). A zero should be entered whenever a parent company can participate in an activity, but does not, on the report date, have any outstanding balances.

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

Bank 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.

Where to Submit the Reports

The completed and manually signed original reports and the specified number of copies shall be submitted to the Federal Reserve Bank in the district where the majority of the top-tier bank holding company’s commercial bank deposits are located or where the bank holding company has traditionally reported.

Legible photocopies are preferred. However, when carbons are used to prepare copies, the copies must be legible and prepared carefully to ensure that the figures and other information appear in the correct position on all copies.

All copies shall bear the same signatures as on the originals, but these signatures may be facsimiles or photocopies.

Electronic submission of Report Forms. Beginning with the FR Y-9SP report submitted for the June 30, 1992, reporting date, some Federal Reserve Banks are offering bank holding companies with total consolidated assets of less than $150 million in their Districts the option of submitting their FR Y-9SP electronically. Any bank holding company interested in submitting the FR Y-9SP electronically should contact the Federal Reserve Bank in the district where the majority of the top-tier bank holding company’s commercial bank deposits are located or where the bank holding company has traditionally reported. 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 and attestation requirement and this page should be attached to the printout placed in the bank holding company’s files.

Submission Date

The completed Parent Company Only Financial Statements for Small Bank Holding Companies shall be submitted no more than 45 calendar days after the report date. For example, the June 30 report shall be submitted by August 14 and the December 31 report shall be submitted by February 14. Earlier submission would aid the Federal Reserve in reviewing and processing the reports and is encouraged. No extensions of time for submitting reports are granted.

The filing of a bank holding company’s 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 bank holding company whose completed FR Y-9SP 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. Bank holding companies that are unable to obtain the required officer signature on their completed original reports in sufficient time to file these reports so that they are received by the submission deadline may contact the district Federal Reserve Banks 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.

Amended Reports

The Federal Reserve may require the filing of amended Parent Company Only Financial Statements for Small Bank Holding Companies if reports as previously submitted contain significant errors. In addition, a bank holding company should file an amended report when internal or external auditors make audit adjustments that result in a restatement of financial statements previously submitted to the Federal Reserve.

In addition, the Federal Reserve requests bank holding companies that have restated their prior period financial statements as a result of an acquisition accounted for on a pooling of interest basis to submit revised reports for the prior year-ends. In the event that certain of the required data is not available, bank holding companies should contact the appropriate Reserve Bank for information on submitting revised reports.

Confidentiality

The completed version of this report is available to the public upon request on an individual basis. However, a reporting bank holding company may request confidential treatment for the Parent Company Only Financial Statements for Small Bank Holding Companies (FR Y-9SP) if the bank holding company is of the opinion that disclosure of specific commercial or financial information in the report would likely result in substantial harm to its competitive position, or that disclosure of the submitted 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 and must demonstrate 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.

WHEN CONFIDENTIAL TREATMENT IS REQUESTED, THE FR Y-9SP COVER SHEET SHOULD BE LABELED ''CONFIDENTIAL.'' THIS INFORMATION SHOULD BE SPECIFICALLY IDENTIFIED AS BEING CONFIDENTIAL.

Information, for which confidential treatment is requested, may subsequently be released by the Federal Reserve System if the Board of Governors determines that the disclosure of such information is in the public interest.

Miscellaneous General Instructions

Rounding

All bank holding companies must report all dollar amounts in thousands, with the figures rounded to the nearest thousand. Items less than $500 will be reported as zero. Rounding could result in details not adding to their stated totals. However, in order to ensure consistent reporting, the rounded detail items should be adjusted so that totals and the sums of their components are identical.

On the Parent Company Only Financial Statements for Small Bank Holding Companies, ''Total assets'' (Balance Sheet, item 9) and ''Total liabilities and equity capital'' (Balance Sheet, item 17), which must be equal, must be derived from unrounded numbers and then rounded in order to ensure that these two items are equal as reported.

Negative Entries

Except for the items listed below, negative entries are generally not appropriate on the FR Y-9SP and should not be reported. Hence, assets with credit balances must be reported in liability items and liabilities with debit balances should be reported in asset items, as appropriate, and in accordance with these instructions. The items for which negative entries may be made, if appropriate, are:

(1) Balance Sheet, items 4(a), 5(a), and 6(a) ''Equity investment in bank subsidiary,'' ''Equity investment in nonbank subsidiary(s),'' and ''Equity investment in subsidiary bank holding company(s).''

(2) Balance Sheet, items 4(b), 5(b), and 6(b), ''Goodwill associated with investment in bank subsidiary,'' ''Goodwill associated with investment in nonbank

subsidiary,'' and ''Goodwill associated with investment in subsidiary bank holding company.''

(3) Balance Sheet, item 16(c), ''Retained earnings.''

(4) Balance Sheet, item 16(d), ''Net unrealized holding gains (losses) on available-for-sale securities.''

(5) Balance Sheet, Item 16(e), ''Accumulated net gains (losses) on cash flow hedges.''

When negative entries do occur in one or more of these items, they shall be recorded in parentheses rather than with a minus (–) sign.

On the Parent Company Only Income Statement, negative entries may appear as appropriate. Income items with a debit balance and expense items with a credit balance must be reported in parentheses.

Verification

All addition and subtraction should be double-checked before reports are submitted. Totals and subtotals in supporting materials should be cross-checked to corresponding items elsewhere in the reports.

Before a report is submitted, all amounts should be compared with the corresponding amounts in the previous report. If there are any unusual changes from the previous report, a brief explanation of the changes should be attached to the submitted reports.

Bank holding companies should retain workpapers and other records used in the preparation of these reports.

LINE ITEM INSTRUCTIONS FOR THE

Balance Sheet

Assets

Line Item 1 Cash and due from depository institutions.

Report in the appropriate item below cash and deposit balances, both noninterest-bearing and interest-bearing, due from depository institutions. Balances due from depository institutions that are subsidiaries or affiliated institutions should be reported on item 1(a). Balances due from all other (i.e., unrelated, or third party) depository institutions should be reported on item 1(b).

Affiliated depository institutions include those institutions that have a direct or indirect relationship with the reporting parent bank holding company.

Overdrafts should not be reported in this item. Overdrafts with subsidiaries or affiliated companies should be reported under item 14, ‘‘Balances due to subsidiaries and related institutions.’’ Overdrafts with unrelated or third party depository institutions should be reported under item 10(b), ‘‘Other short-term borrowings.’’

Depository institutions include U.S. commercial banks, savings and loan institutions, mutual savings banks, foreign banks, and any other similar depository institutions.

Line Item 1(a) Balances with subsidiary or affiliated depository institutions.

Report all currency and coin, demand, time and savings balances, and other cash items due from, or held with, subsidiary or affiliated depository institutions.

Line Item 1(b) Balances with unrelated depository institutions.

Report all currency and coin, demand, time and savings balances, and other cash items due from, or held with, unrelated depository institutions.

Line Item 2 Securities.

Report in this item the total value of all debt securities and all equity securities, other than investments in the bank subsidiary(s), nonbank subsidiary(s), associated banks, and associated nonbank company(s), held by the respondent parent bank holding company. Securities designated as ‘‘available-for-sale’’ must be reported at fair value and securities designated as ‘‘held-to-maturity’’ must be reported at amortized cost in accordance with FASB Statement No. 115. The net unrealized holding gains (losses) on available-for-sale securities must be reported in item 16.d. The amount reported in item 2 must equal the sum of memoranda items 7.a and 7.b.

Debt securities include, but are not limited to: U.S. Treasury securities, U.S. Government agency and corporation obligations, commercial paper, securities issued by states and political subdivisions in the U.S. and notes, bonds or debentures issued by private corporations.

Debt securities must include amortization of premium and accretion of discount on securities purchased at other than par or face value (including U.S. Treasury bills).

Equity securities include common stock, perpetual preferred stock, and warrants.

Equity securities owned by a holding company are defined as available-for-sale securities in accordance with FASB Statement No. 115 and must be reported at fair value as of the report date. The fair value of securities should be determined, to the extent possible, by timely reference to the best available source of current market quotations or other data on relative current value. For example, securities traded on national, regional, or foreign exchanges or on organized over-the-counter markets should be valued at the most recently available quotation in the most active market. Quotations from brokers or others making markets in securities that are neither widely nor actively traded are acceptable if prudently used. Equity securities for which fair value is not readily determinable may be reported at historical cost.

Line Item 3 Loans and lease financing receivables (exclusive of loans and lease financing receivables due from bank(s) and nonbank subsidiaries).

Line Item 3(a) Loans and leases, net of unearned income.

Loans and lease financing receivables are extensions of credit resulting from either direct negotiation between the bank holding company itself and its borrowing customers or the purchase of loans and participations in loans from others. This includes loans and participations in loans purchased *without recourse* from the respondent bank holding company's bank subsidiary(s) or its nonbank subsidiaries. Do *not* report direct loans or loans purchased with recourse from bank subsidiary(s) or nonbank subsidiary(s) in this item; these loans should be reported in item 4(c) below.

Report the aggregate book value of all loans and leases before deduction of the ''Allowance for loan and lease losses,'' which is to be reported in item 3(b). The amount reported should be reported net of unearned income.

The amount reported in this item should include the amount reported in memoranda item 5 below that has been lent by the parent bank holding company to executive officers and principal shareholders and their related interests, but should *exclude* amounts reported in memoranda item 5 that have been lent by a nonbank subsidiary(s) to insiders.

Exclude intercompany loans from this item. Loans to the bank subsidiary(s) should be reported in item 4(c) below; loans to the nonbank subsidiary(s) should be reported in item 5(c) below. Also exclude all holdings of commercial paper, which should be reported in item 2 above.

Line Item 3(b) Less: Allowance for loan and lease losses.

Report the allowance for loan and lease losses. The amount reported should reflect an evaluation by the management of a bank holding company of the collectability of the loan and lease financing receivable portfolios, including any accrued and unpaid interest. The amount of the allowance on the balance sheet should be adequate to absorb anticipated losses.

Line Item 3(c) Loans and leases, net of unearned income and the allowance for loan and lease losses.

Report the amount derived by subtracting item 3(b) from 3(a).

Line Item 4 Investment in bank subsidiary(s).

The investment in the bank subsidiary(s) must be reported under the equity method of accounting on the FR Y-9SP. Under the equity method, the original investment in the bank subsidiary(s) is recorded at cost and is adjusted periodically to recognize the bank holding company's share of the earnings or losses of the bank subsidiary(s) after the date of the acquisition of the bank(s) by the holding company. Dividends paid by the bank(s) and received by the bank holding company reduce the amount of the investment while the bank holding company's share of the undistributed earnings of the bank subsidiary(s) (reported in item 12(a) of the Income Statement) increases the amount of the investment in the bank subsidiary(s) as reported in the FR Y-9SP.

Bank holding companies that own shares in an associated bank or banks (those banks in which the bank holding company controls between 20 and 25 percent) should also report their investment in the equity capital of these banks on the equity basis of accounting.

Line Item 4(a) Equity investment in bank subsidiary(s).

Report the amount of the bank holding company's investment in the book value of the equity capital of the bank subsidiary(s) as of the reporting date. This amount generally should be equivalent to the bank holding company's proportionate interest in the equity capital accounts of the bank subsidiary(s) as reported in the bank's Report of Condition in Schedule RC - Balance Sheet, item 28. **(See Worksheet for clarification. A worksheet has been provided to assist in the preparation of the response to this item.)** The bank holding company, if applicable, should also include investments in the stock of any associated banks (those banks in which the bank holding company controls between 20 and 25 percent).

This item also includes the net unrealized holding gains (losses) on available-for-sale securities that are recorded by the bank subsidiary(s) and associated bank(s).

Line Item 4(b) Goodwill.

Report the amount (book value) of the unamortized goodwill associated with the acquisition of the bank subsidiary(s) that has not been "pushed down" to the books of the bank subsidiary(s) for financial reporting purposes. The amount of the goodwill associated with investment in the bank subsidiary(s) should generally be equivalent to the difference between the original cost of the shares of the bank subsidiary(s) and the book value of the bank holding company's proportionate share of the equity capital accounts of the bank subsidiary(s) on the date of acquisition. The original amount should be amortized, i.e. expensed or charged-off, over a time period based on the estimated useful life of the goodwill.

For purposes of this item, reduce the amount of goodwill reported in this item by any applicable negative goodwill that has not been pushed down to the books of the subsidiary bank(s). If the sum total of goodwill reported herein is negative, report the amount in parenthesis.

For purposes of this item, any goodwill (including negative goodwill) that has not been pushed down to the books of the subsidiary bank(s), and is included in the investment in subsidiary account on the parent's' books, should be reported in this item. Any goodwill (including negative goodwill) that has been pushed down to the books of the subsidiary bank(s) should not be reported separately in this item. The amount pushed down would be reported in line item 4(a), "Equity investment in bank subsidiary(s)."

Line Item 4(c) Loans and advances to and receivables due from bank subsidiary(s).

Report the total of all loans to the bank subsidiary(s); notes, bonds, or subordinated debentures issued by the bank subsidiary(s) that are held by the bank holding company; dividends declared by the bank subsidiary(s), but not yet paid; and any other accounts receivable, including tax receivables, from the bank subsidiary(s). The amount reported should include loans and participation in loans purchased with recourse by the bank holding company from the bank subsidiary(s).

Line Item 5 Investment in nonbank subsidiary(s).

The investment in nonbank subsidiary(s) must also be reported under the equity method of accounting on the FR Y-9SP. Under the equity method, the original investment in the nonbank subsidiary(s) is recorded at cost and is adjusted periodically to recognize the bank holding company's share of the earnings or losses of the nonbank subsidiary(s) after the date of the acquisition of the nonbank subsidiary(s) by the holding company. Dividends paid by the nonbank subsidiary(s) and received by the bank holding company reduce the amount of the investment, while the bank holding company's share of the undistributed earnings of the nonbank subsidiary(s) (reported in item 12(b) of the Income Statement) increase the amount of the investment in the nonbank subsidiary(s) as reported in the FR Y-9SP.

If the reporting bank holding company is a tiered bank holding company, the *investment in subsidiary bank holding company(s)* should be reported in the appropriate subitems 6(a), 6(b), or 6(c).

Line Item 5(a) Equity investment in nonbank subsidiary(s).

Report the amount of the bank holding company's investment in the book value of the equity capital of the nonbank subsidiary(s) as of the reporting date. This amount generally should be equivalent to the bank holding company's proportionate interest in the nonbank subsidiary's equity capital accounts as reflected on the financial statements of the nonbank subsidiary as of the report date. The bank holding company, if applicable, should also include investments in the stock of any associated nonbank company(s) (those nonbank company(s) in which the bank holding company controls between 20 and 25 percent).

This item also includes the net unrealized holding gains (losses) on available-for-sale securities that are recorded by the nonbank subsidiary(s).

Line Item 5(b) Goodwill (associated with the investment in the nonbank subsidiary(s)).

Report the amount (book value) of the unamortized goodwill associated with the acquisition of the nonbank subsidiary(s) that has not been ‘‘pushed down’’ to the books of the nonbank subsidiary(s) for financial reporting purposes. The amount of the goodwill should generally be equivalent to the difference between the original cost of the shares of the nonbank subsidiary(s) and the book value of the bank holding company's proportionate share in the interest in the book value of the equity capital accounts of the nonbank subsidiary(s) on the date of acquisition. The original amount should be amortized, expensed (charged-off) over a time period based on the estimated useful life of the goodwill.

For purposes of this item, reduce the amount of goodwill reported in this item by any applicable negative goodwill that has not been pushed down to the books of the nonbank subsidiary(s). If the sum total of goodwill reported herein is negative, report the amount in parenthesis.

For purposes of this item, any goodwill (including negative goodwill) that has not been pushed down to the books of the nonbank subsidiary(s), and is included in the investment in subsidiary account on the parent's books, should be reported in this item. Any goodwill (including negative goodwill) that has been pushed down to the books of the nonbank subsidiary(s) should not be reported separately in this item. The amount pushed down would be reported in line item 5(a), ‘‘Equity investment in nonbank subsidiary(s).’’

Line Item 5(c) Loans and advances to and receivables due from nonbank subsidiary(s).

Report the total of all loans to nonbank subsidiary(s); notes, bonds, or subordinated debentures issued by the nonbank subsidiary(s) that are held by the bank holding company; dividends declared by the nonbank subsidiary(s), but not yet paid; and any other accounts receivable due from the nonbank subsidiary(s).

Line Item 6 Investments in subsidiary bank holding company(s).

The investment in subsidiary bank holding companies must be reported under the equity method of accounting on the FR Y-9SP. Under the equity method, the original investment in the subsidiary bank holding company by the holding company directly owning the shares is recorded at cost and is adjusted periodically to recognize the reporting parent bank holding company's share of the earnings or losses of the subsidiary bank holding company after the date of the acquisition of the subsidiary bank holding company by the reporting parent holding company. Dividends declared or paid by the subsidiary bank holding company and received by the reporting parent bank holding company reduce the amount of the investment while the reporting parent bank holding company's share of the undistributed earnings of the subsidiary bank holding company (reported in Income Statement item 12(c)) increase the amount of the investment in the subsidiary bank holding company as reported in the parent bank holding company's FR Y-9SP.

In addition, the reporting parent bank holding companies that own shares in an associated lower-tier bank holding company (those lower-tier bank holding companies in which the parent bank holding company controls between 20 and 25 percent) should also report their investment in the equity capital of these companies on the equity basis of accounting.

Line Item 6(a) Equity investment.

Report the amount of the reporting parent bank holding company's investment in the book value of the equity capital of the subsidiary bank holding company(s) as of the reporting date. This amount generally should be equivalent to the reporting parent bank holding company's proportionate interest in the equity capital accounts of the subsidiary bank holding company as reported *separately* in the subsidiary bank holding company's filing of the FR Y-9SP on the Balance Sheet, item 16(e). The reporting parent bank holding company, if applicable, should also include investments in the stock of any associated bank holding companies (those other bank holding companies in which the reporting parent bank holding company controls between 20 and 25 percent).

This item also includes the net unrealized holding gains (losses) on available-for-sale securities that are recorded by the subsidiary bank holding company(s) and associated bank holding company(s).

Line Item 6(b) Goodwill.

Report the amount (book value) of the unamortized goodwill associated with the acquisition of the subsidiary bank holding company that has not been ‘‘pushed down’’ to the books of the subsidiary bank holding company for financial reporting purposes. The amount of the goodwill associated with investment in the subsidiary bank holding company should generally be equivalent to the difference between the original cost of the shares of the subsidiary bank holding company and the book value of the reporting parent bank holding company's proportionate share of the equity capital accounts of the subsidiary bank holding company on the date of acquisition. The original amount should be amortized, i.e. expensed or charged-off, over a time period based on the estimated useful life of the goodwill.

For purposes of this item, reduce the amount of goodwill reported in this item by any applicable negative goodwill that has not been pushed down to the books of the subsidiary bank holding company. If the sum total of goodwill reported herein is negative, report the amount in parenthesis.

For purposes of this item, any goodwill (including negative goodwill) that has not been pushed down to the books of the subsidiary bank holding company, and is included in the investment in subsidiary account on the parent's' books, should be reported in this item. Any goodwill (including negative goodwill) that has been pushed down to the books of the subsidiary bank holding company should not be reported separately in this item. The amount pushed down would be reported in line item 6(a), ''Equity investment in subsidiary bank holding company(s).''

Line Item 6(c) Loans and advances to and receivables due from the subsidiary bank holding company.

Report the total of all loans to the subsidiary bank holding company; notes, bonds, or debentures issued by the subsidiary bank holding company that are held by the reporting parent bank holding company; dividends declared by the subsidiary bank holding company, but not yet paid; and any other accounts receivable, including tax receivables, from the subsidiary bank holding company. The amount reported should include loans and participations in loans purchased with recourse by the reporting parent bank holding company from the subsidiary bank holding company.

Line Item 7 Other assets.

Report the total value of remaining assets not reported in the above categories, other than investments in the bank subsidiary, nonbank subsidiary(s), associated banks, and associated nonbank company(s).

The amount reported in this item should also include the value of any assets associated with nonbanking activities that are directly engaged in by the parent bank holding company.

Also report in this item the amount (book value) of unamortized goodwill that is included on the balance sheet of the reporting bank holding company and is not part of the investment in subsidiaries account as reported in items 4(b), 5(b) or 6(b). The amount of goodwill reported in this item should not be reduced by any negative goodwill. Any negative goodwill must be reported in item 13, ''Other liabilities,'' and should be systematically amortized to income over the period estimated to be benefited.

Line Item 8 Balances due from related nonbank companies (other than investments).

This item should be completed only by lower-tier parent bank holding companies.

Report in this item all balances due from and extensions of credit to related nonbank companies (i.e., nonbank companies directly or indirectly owned by the top-tier parent bank holding company, excluding those directly or indirectly owned by the reporting lower-tier parent bank holding company). *Exclude* those balances (including investments) included in items 5 and 6 above. Also *exclude* cash and balances due from related depository institutions, which are to be reported in item 1(a) above.

Line Item 9 Total assets.

Report the sum of items 1, 2, 3(c), 4(a), 4(b), 4(c), 5(a), 5(b), 5(c), 6(a), 6(b), 6(c), 7, and 8.

Liabilities and Equity Capital

Line Item 10 Short-term borrowings.

Report in item 10(a) the amount of commercial paper issued by the parent company only and in item 10(b) the amount of all other short-term borrowings by the parent bank holding company only that mature in one year or less.

Line Item 10(a) Commercial paper.

Report in this item commercial paper issued by the parent company to unrelated parties. Commercial paper consists of short-term negotiable promissory notes that mature in 270 days or less.

Line Item 10(b) Other short-term borrowings.

Report in this item the amount of all other borrowings by the parent company only from unrelated third parties that mature in one year or less. Borrowings that finance the acquisition of the bank subsidiary that have a ''scheduled debt retirement'' exceeding one year should be reported in item 11 below except for the amount due within one year, which should be reported in this item.

Overdrafts to cash and due from depository institutions should be reported in this item.

Short-term borrowing from the subsidiary bank(s) should be reported in item 14(a) and from the parent bank holding company and subsidiary bank holding company(s) in item 14(b) and in Memoranda items 14(a) and 14(b).

Line Item 11 Long-term borrowings (includes limited-life preferred stock and related surplus).

Report in this item borrowings by the parent company only from unrelated third parties that have a maturity or a ''scheduled debt retirement'' of greater than one year, exclusive of amounts due within the year.

For purposes of this item, also report the amount of any outstanding limited-life preferred stock issued by the bank holding company. The reported amount should include any amounts received in excess of its par or stated value. Limited-life preferred stock is preferred stock that has a stated maturity date or that can be redeemed at the option of the holder of the preferred stock.

Line Item 12 Accrued interest payable.

Report the amount of all interest accrued, but not yet paid, on the total parent company only borrowings of the bank holding company reported in items 10 and 11 above.

Line Item 13 Other liabilities.

Report the total amount of all other liabilities with unrelated parties not reported under items 10, 11, and 12 above.

Line Item 14 Balances due to subsidiaries and related institutions.

Report in this item all balances due to institutions related to the parent bank holding company, including short- and long-term borrowings, accrued interest payable, taxes payable, and any other liabilities due to related institutions.

Where the bank holding company is a multi-tiered holding company, ''related institutions'' include subsidiary bank holding companies and their direct and indirect subsidiaries.

When a subsidiary bank holding company is filing this report, this item should include all balances due to its parent company(s) and the parent's direct and indirect subsidiaries as well as balances due to the respondent's direct and indirect subsidiaries.

Exclude subsidiaries of the holding company's bank subsidiary, which are reported on the bank's Reports of Condition and Income.

Line Item 14(a) Balances due to subsidiary bank(s).

Report in this item all balances due to a bank(s) that is directly or indirectly owned or controlled by the parent bank holding company.

Line Item 14(b) Balances due to nonbank subsidiaries and related institutions.

Report in this item all balances due to nonbank subsidiaries that are directly or indirectly owned or controlled by the parent bank holding company. In addition, for purposes of this report, include in this item instruments generally referred to as trust preferred securities that were issued out of special purpose entities whereby the proceeds from the issuance are lent to the reporting parent company.

When the reporting holding company is a multi-tier organization, nonbank subsidiaries, for purposes of this item, include any balances due to subsidiary bank holding companies of the respondent or due to the parent company(s) of the respondent.

Line Item 15 Not applicable.

Line Item 16 Equity capital.

Line Item 16(a) Perpetual preferred stock (including related surplus).

Report the aggregate par or stated value of outstanding perpetual preferred stock, including any surplus arising from any amount received for perpetual preferred stock in excess of its par or stated value.

Line Item 16(b) Common stock (including related surplus).

Report the aggregate par or stated value of common stock issued, including any surplus arising from any amount received for common stock in excess of its par or stated value.

Line Item 16(c) Retained earnings (net of Treasury stock).

Report in this item all retained earnings less the amount of treasury stock held by the bank holding company. The amount of treasury stock held by the bank holding company must be reported in memoranda item 3 below when the amount of treasury stock held exceeds 5 percent of ''Total equity capital'' (16(e)).

Line Item 16(d) Net unrealized holding gains (losses) on available-for-sale securities.

Report the difference between the amortized cost and fair value of all available-for-sale securities, net of tax effects, held by the parent company, as of the report date.

In addition, for purposes of this report, include the net unrealized holding gains (losses) on available-for-sale securities that are recorded by the subsidiaries of the parent company. The offsetting amount should be reported in the appropriate investment in subsidiary line item (line items 4(a), 5(a), or 6(a)). For more information, refer to FASB Statement No. 115, paragraph 135(b).

Line Item 16(e) Accumulated net gains (losses) on cash flow hedges.[1]

Report the effective portion[2] of the accumulated change in fair value (gain or loss) on derivatives designated and qualifying as cash flow hedges in accordance with FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*.

Under Statement No. 133, a bank holding company that elects to apply hedge accounting must exclude from net income the effective portion of the change in fair value of a derivative designated as a cash flow hedge and record it on the balance sheet in a separate component of equity capital (referred to as ''accumulated other comprehensive income'' in the accounting standard). The ineffective portion of the cash flow hedge must be reported in earnings. The equity capital component (i.e., the accumulated other comprehensive income) associated with a hedged transaction should be adjusted each reporting period to a balance that reflects the lesser (in absolute amounts) of:

(1) the cumulative gain or loss on the derivative from inception of the hedge, less (a) amounts excluded consistent with the bank holding company's defined risk management strategy, and (b) the derivative's gains or losses previously reclassified from accumulated other comprehensive income into earnings to offset the hedged transaction, or

(2) The portion of the cumulative gain or loss on the derivative necessary to offset the cumulative change in expected future cash flows on the hedged transaction from inception of the hedge less the derivative's gains or losses previously reclassified from accumulated other comprehensive income into earnings.

1. Generally, the objective of a cash flow hedge is to link a derivative to an existing recognized asset or liability or a forecasted transaction with exposure to variability in expected future cash flows, e.g., the future interest payments (receipts) on a variable-rate liability (asset) or a forecasted purchase (sale). The changes in cash flows of the derivative are expected to offset changes in cash flows of the hedged item or transaction. To achieve the matching of cash flows, FASB Statement No. 133 requires that changes in fair value of properly designated and qualifying derivatives initially be reported in a separate component of equity (accumulated other comprehensive income) and reclassified into earnings in the same period that the hedged transaction affects earnings.

2. The effective portion of a cash flow hedge can be described as a change in fair value of the derivative that offsets the change in expected future cash flows being hedged. Refer to FASB Statement No. 133, Appendix A, Section 2, for further information.

Accordingly, the amount reported in this item should reflect the sum of the adjusted balance (as described above) of the cumulative gain or loss for each derivative designated and qualifying as a cash flow hedge. These amounts will be reclassified into earnings in the same period or periods during which the hedged transactions affects earnings (for example, when a hedged variable-rate interest receipt on a loan is accrued or when a forecasted sale occurs).

Line Item 16(f) Total equity capital.

Report the sum of items 16(a) through 16(e).

Line Item 17 Total liabilities and equity capital.

Report the sum of items 10(a), 10(b), 11, 12, 13, 14(a), 14(b) and 16(f).

Memoranda

Line Item M1 Total consolidated assets of the bank holding company.

Report the total consolidated assets of the bank holding company. This item is to be reported only by a bank holding company with more than one subsidiary bank (i.e., multibank) and has total consolidated assets of less than $150 million, without any debt outstanding to the general public and not engaged in a nonbank activity (either directly or indirectly) involving financial leverage and not engaged in credit extending activities. Debt outstanding to the general public is defined to mean debt held by parties other than financial institutions, officers, directors, and controlling shareholders of the banking organization or their related interests. For reporting purposes, a related interest is a company in which an officer, director, or shareholders controls 25 percent or more of its stock. Financial leverage is the use of debt to supplement the equity in a company's capital structure.

Line Item M2 Bank holding company (parent company only) borrowings not held by financial institution(s) or by insiders (including directors) and their interests.

Report the amount of both short-term and long-term borrowings (parent company only) reported in items 10 and 11 above that are not held by financial institutions or by bank holding company's officers, directors, and shareholders and their related interests. For reporting purposes, a related interest is a company in which an officer, director, or shareholders controls 25 percent or more of its stock. **Do not report borrowings that are held by former shareholders of the bank holding company in this item. Also, exclude limited-life preferred stock reported in item 11 above.**

Line Item M3 Treasury stock (report only if the amount exceeds 5 percent of equity capital as deducted from item 16(c) above.)

Report the amount, at cost, of treasury stock held by the bank holding company as of the report date. Treasury stock is stock that the bank holding company has issued and subsequently acquired by purchase or gift, but that has not been retired or resold. The amount of treasury stock need only be reported when the carrying value of treasury stock held is greater than five percent of ''Total equity capital'' reported in item 16(f) above.

Line Item M4 Mandatory convertible securities, net.

Report the amount of mandatory convertible securities, net of common or perpetual preferred stock dedicated to retire or redeem the instruments. Note that mandatory convertible securities are reported gross above in either balance sheet, item 10 or 11. Mandatory convertible securities are subordinated debt instruments that are eventually transformed into common or perpetual preferred stock within a specified period of time, not to exceed 12 years. There are two basic types of mandatory convertible securities: ''equity contract notes''—securities that obligate the holder to take common or perpetual preferred stock of the issuer in lieu of cash for repayment of principal, and ''equity commitments notes''—securities that are redeemable only with the proceeds from the sale of common or perpetual preferred stock. Additional information on mandatory convertible securities is contained in the Board's Capital Adequacy Guidelines set forth in Appendix B to Regulation Y, (12 CFR 225).

Line Item M5 Total loans from parent bank holding company and nonbank subsidiary(s) to insiders (excluding directors) and their interest.

Report the total amount of loans and lease financing receivables that the bank holding company (reported in item 3(a) above) and any nonbank subsidiary (not reported above) have extended to officers and shareholders and their related interests. A related interest is a company in which the officer or shareholder controls 25 percent or more of its stock.

Line Item M6 Pledged securities.

Report the amortized cost of all held-to-maturity securities and the fair value of all available-for-sale securities held by the reporting bank holding company (parent company only) that are pledged to secure deposits, repurchase transactions, or other borrowings (regardless of the balance of liabilities against which the securities are pledged), as performance bonds on futures or forward contracts, or for any other purpose.

Line Item M7(a) Fair value of securities classified as available-for-sale in item 2 of the balance sheet.

Report in this item the fair value of all securities included in the balance sheet, item 2, ''Securities,'' that have been designated as available-for-sale. The fair value (market value) of securities should be determined, to the extent possible, by timely reference to the best available source of current market quotations or other data on relative current value. For example, securities traded on national, regional, or foreign exchanges, or on organized over-the-counter markets should be valued at the most recently available quotation in the most active market. Quotations from brokers or others making markets in securities that are neither widely nor actively traded are acceptable if prudently used. Unrated debt securities for which no reliable market price data are available may be valued at cost adjusted for amortization of premium or accretion of discount unless credit problems of the obligor or upward movements in the level of interest rates warrant a lower estimate of current value. Equity securities that do not have readily determinable fair values shall be reported at historical cost. (NOTE: The sum of item 7(a) and 7(b) must equal the total amount reported in item 2 of the balance sheet).

Line Item M7(b) Amortized cost of securities classified as held-to-maturity in item 2 of the balance sheet.

Report the amortized cost of securities classified as held-to-maturity in item 2 of the balance sheet. (NOTE: The sum of item 7(a) and 7(b) must equal the total amount reported in item 2 of the balance sheet).

Line Item M8 Not applicable.

Line Item M9 Balances held by the subsidiary bank(s) due from nonbank subsidiaries of the parent bank holding company.

Report in this item any intercompany assets between the subsidiary bank(s) and the direct and indirect nonbank subsidiaries of the parent bank holding company. *Exclude* transactions between the bank(s) and its nonbank subsidiaries.

Line Item M10 Balances held by the subsidiary bank(s) due to nonbank subsidiaries of the parent bank holding company.

Report in this item any intercompany liabilities between the subsidiary bank(s) and the direct and indirect nonbank subsidiaries of the parent bank holding company. *Exclude* transactions between the bank(s) and its nonbank subsidiaries.

Line Item M11 Other assets (itemize and describe amounts that exceed 25 percent of balance sheet, line item 7)

Itemize and describe, with clear but concise captions, each component of other assets that exceeds 25 percent of the amount reported on Balance Sheet, item 7. The description of these amounts should not exceed 132 characters in length (including space between words). Report the dollar amount of each item listed in the column provided on the right. Any component of other assets that does not round to one thousand dollars need not be reported. If there are no reportable amounts for memoranda items 11(a) through 11(c), enter ''zero'' (-0-) in the right-hand column of memoranda item 11(a).

Line Item M12 Other liabilities (itemize and describe amounts that exceed 25 percent of balance sheet, line item 13)

Itemize and describe, with clear but concise captions, each component of all other liabilities that exceeds 25 percent of the amount reported on Balance Sheet, item 13. The description of these amounts should not exceed 132 characters in length (including space between words). Report the dollar amount of each item listed in the column provided on the right. Any component of other liabilities that does not round to one thousand dollars need not be reported. If there are no reportable amounts for memoranda items 12(a) through 12(c), enter ''zero'' (-0-) in the right-hand column of memoranda item 12(a).

Line Item M13 All changes in investments and activities have been reported to the Federal Reserve on the Bank Holding Company Report of Changes in Investments and Activities (FR Y-6A).

This item is to be completed only by the top-tier bank holding company. **The top-tier bank holding company must not leave this item blank or enter "N/A." A lower-tier holding company filing this report should enter "N/A" for this item.**

Enter a ''1'' for yes if the top-tier bank holding company has submitted all changes, if any, in its investments and activities on the FR Y-6A. If the top-tier bank holding company had no changes in investments and activities and therefore was not required to file a FR Y-6A, also enter a ''1'' in this item. Enter a ''2'' for no if it has not yet submitted all changes to investments and activities on the FR Y-6A. The name of the holding company official responsible for verifying that the FR Y-6A has been completed should be typed or printed on the line provided whether the answer is ''yes,'' or ''no.'' In addition, enter the area code and phone number of the official responsible for verifying the FR Y-6A.

Line Item M14 Short-term borrowings included in item 14(b).

Items M14(a) and M14(b) are to be completed only by tiered bank holding companies.

Line Item M14(a) From parent bank holding company(s).

Report the amount of borrowings by the reporting bank holding company from its direct and indirect parent bank holding company(s) that mature in one year or less.

Line Item M14(b) From subsidiary bank holding company(s).

Report the amount of borrowings by the reporting parent bank holding company from the subsidiary bank holding company(s) that mature in one year or less.

Line Item M15 Long-term borrowings included in item 14(b).

Items M15(a) and M15(b) are to be completed only by tiered bank holding companies.

Line Item M15(a) From parent bank holding company(s).

Report the amount of borrowings by the reporting bank holding company from its direct and indirect parent bank holding company(s) that have a maturity or a ''scheduled debt retirement'' of greater than one year, exclusive of amounts due within the year.

Line Item M15(b) From subsidiary bank holding company(s).

Report the amount of borrowings by the reporting parent bank holding company from the subsidiary bank holding company(s) that have a maturity or a ''scheduled debt retirement'' of greater than one year, exclusive of amounts due within the year.

Line Item M16 Total combined nonbank assets of nonbank subsidiaries.

This item is to be completed only by the financial top-tier parent bank holding company that files the FR Y-9SP. Lower-tier bank holding companies that file this report should enter "N/A'' in memorandum items 16(a) through 16(d).

If the top-tier parent bank holding company is an ESOP, then the lower-tier parent bank holding company should report in memorandum items 16(a) through 16(d). The top-tier ESOP bank holding company should enter ''N/A'' in memorandum items 16(a) through 16(d).

Line Item 16(a) Total combined nonbank assets of nonbank subsidiaries.

Report the dollar amount of the reporting bank holding company's total combined nonbank assets of nonbank subsidiaries. Nonbank assets include the assets of all foreign and domestic nonbank subsidiaries (as defined below) and their majority-owned direct and indirect subsidiaries.

The top-tier parent bank holding company should report in this item all assets of nonbank subsidiaries, whether held directly or indirectly or held through lower-tier bank holding companies. The lower-tier parent bank holding company in a multi-tier bank holding company who files this report (FR Y-9SP) should enter ''N/A'' in memorandum items 16(a) through 16(d).

The term **''subsidiary,''** 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. **However, for purposes of this reporting item, the term ''subsidiary'' includes only companies in which the bank holding company directly or indirectly owns or controls more than 50 percent of the outstanding voting stock, and these companies would be consolidated using generally accepted accounting principals for financial reporting purposes.**

Nonbank subsidiaries, for purposes of this reporting item, include but are not limited to: securities brokerage and underwriting firms (including Section 20 subsidiaries); federal savings associations, federal savings banks and thrift institutions (including any thrift institution filing the Thrift Financial Report); depository institutions (other than U.S. banks); industrial banks that do not file the commercial bank Reports of Condition and Income with the federal banking agencies; Edge and Agreement corporations and their subsidiaries that are *not* held through a bank subsidiary; industrial loan companies; venture capital corporations; leasing companies; bank premises subsidiaries; mortgage banking companies; consumer finance companies; sales finance companies; acceptance corporations; factoring companies; insurance brokerage and insurance underwriting companies; small business investment companies; data processing and information services companies; nondepository trust companies; management consulting companies; courier service companies; companies that print or sell MICR encoded items; financial and investment advisory companies; credit bureaus; collection agencies; real estate settlement companies.

For purposes of this reporting item, foreign nonbank subsidiaries include those subsidiaries that meet the definition of a nonbank subsidiary provided above that would be consolidated using generally accepted accounting principals for financial reporting purposes, but are not domiciled in the U.S. In addition, Edge and Agreement corporations and their subsidiaries that are *not* held through a bank subsidiary should be reported as foreign nonbank subsidiaries.

Nonbank subsidiaries exclude all banks (including commercial, savings and industrial banks that file the commercial bank Reports of Condition and Income) and their subsidiaries; Edge and Agreement corporations and their subsidiaries that are held through a bank subsidiary.

All intercompany assets among the nonbanking subsidiaries should be eliminated, but assets with the reporting bank holding company and with subsidiary banks should be included. For example, eliminate the loans made by one nonbank subsidiary to a second nonbank subsidiary, but do not eliminate loans made by one nonbank subsidiary to the parent bank holding company or a subsidiary bank.

Include the combined assets of inactive nonbanking subsidiaries to the extent that the top-tier bank holding company directly or indirectly owns or controls more than 50 percent of the outstanding voting stock, and these companies would be consolidated using generally accepted accounting principals for financial reporting purposes.

Enter ''zero'' if the reporting top-tier bank holding company does not have any nonbank subsidiary assets to report.

Line Item 16(b) Total combined thrift assets included in 16(a).

Report the dollar amount of combined assets of federal savings associations, federal savings banks and thrift subsidiaries (including any thrift institution filing the Thrift Financial Report) that are included in the amount reported in line item 16(a) above. Enter ''zero'' if the reporting top-tier bank holding company does not have any thrift assets to report.

Line Item 16(c) Number of nonbank subsidiaries included in 16(a).

Report the **number** of nonbank subsidiaries that have been included in the total combined nonbank subsidiary assets reported in item 16(a) above. Enter ''zero'' if the reporting top-tier bank holding company does not have any nonbank subsidiaries.

Line Item 16(d) Number of thrift subsidiaries included in 16(b).

Report the **number** of federal savings associations, federal savings banks and thrift subsidiaries (including any thrift institution filing the Thrift Financial Report) that are included in the total combined nonbank subsidiary assets reported in line item 16(b) above. Enter ''zero'' if the reporting top-tier bank holding company does not have any thrift subsidiaries to report.

LINE ITEM INSTRUCTIONS FOR THE

Income Statement

The Income Statement reflects income and expenses for the calendar year-to-date, the period from January 1 to June 30 for the June 30 reporting period and the period from January 1 to December 31 for the December 31 reporting period.

Operating Income

Line Item 1. Income from bank subsidiaries.

Line Item 1(a) Dividends.

Report the amount of the bank holding company's proportionate share of the dividends declared by the bank subsidiary(s) during the reporting period (calendar year-to-date). **(See the worksheet provided to assist in the calculation of this amount.)** Bank holding companies that own equity capital in associated banks, as previously defined, should also report their proportionate interest in the dividends declared by these banks.

Line Item 1(b) Other income from bank subsidiary(s).

Report the income from the bank subsidiary(s) other than dividends declared. This includes but is not limited to interest income, noninterest income, management fees, and rental income.

Report interest income paid or payable to the reporting bank holding company related to cash and balances due from and extensions of credit to bank subsidiaries and associated banks.

Exclude interest income from unrelated depository institutions. Such income is to be included in item 4 below.

Do not include any income tax benefit received from the bank subsidiary(s) in this item. This should be included in the amount reported in item 10 below, "Applicable income taxes/(benefits)."

Line Item 2 Income from nonbank subsidiary(s).

Line Item 2(a) Dividends.

Report the amount of the bank holding company's proportionate share of the dividends declared by the nonbank subsidiary(s) during the reporting period. Bank holding companies that own equity capital in associated nonbank companies, as previously defined, should also report their proportionate interest in the dividends declared by these nonbank companies.

If the reporting bank holding company is a tiered bank holding company, the dividends from the subsidiary bank holding company(s) should be reported in this item 3(a), "Dividends from subsidiary bank holding company(s).''

Line Item 2(b) Other income.

Report the income from nonbank subsidiary(s) other than dividends declared. This includes but is not limited to interest income, noninterest income, management fees, and rental income.

Report interest income paid or payable to the reporting bank holding company related to cash and balances due from and extensions of credit to nonbank subsidiaries and associated nonbank companies.

If the reporting bank holding company is a tiered bank holding company, other income from subsidiary bank holding company(s) should be reported in item 3(b), "Other income from subsidiary bank holding company(s).''

Line Item 3 Income from subsidiary bank holding company(s).

This item is to be reported only by those holding companies that are tiered bank holding companies.

Line Item 3(a) Dividends.

Report the amount of the reporting parent bank holding company's proportionate share of the dividends declared by the subsidiary bank holding company during the reporting period calendar year-to-date. Reporting parent bank holding companies that own equity capital in associated bank holding companies, as previously defined, should also report their proportionate interest in the dividends declared by these banks.

Line Item 3(b) Other income.

Report the income from subsidiary bank holding company(s) other than dividends declared. This includes but is not limited to interest income, noninterest income, management fees, and rental income. Do not include any income tax benefit received from the subsidiary bank holding company(s) in this item. This should be reported in Income Statement, item 10 below.

Line Item 4 Other income.

Report all other income accrued by the bank holding company from its direct activities.

Include interest income paid or payable to the reporting bank holding company related to cash and balances due from and extensions of credit to unrelated depository institutions.

Line Item 5 Total operating income.

Report the sum of items 1(a), 1(b), 2(a), 2(b), 3(a), 3(b), and 4.

Line Item 6 Interest expense.

Report the amount of all interest expense accrued on the bank holding company's parent company only borrowings reported on the Balance Sheet in item 10(a), ''Commercial paper,'' item 10(b), ''Other short-term borrowings,'' and in item 11, ''Long-term borrowings.'' The amount should reflect interest accrued for the calendar year-to-date.

Line Item 7 Other expense.

Report the amount of all other parent company only expenses incurred by the bank holding company, other than interest expense, which is reported in item 6 above. However, for purposes of this reporting item, include any interest expense accrued on borrowings reported on the Balance Sheet in item 14, ''Balances due to subsidiaries and related institutions.''

Line Item 8 Total operating expense.

Report the sum of items 6 and 7.

Line Item 9 Income (loss) before income taxes and before undistributed income of subsidiary(s).

Report item 5 minus item 8.

Line Item 10 Applicable income taxes/benefits (estimated).

Report the total estimated federal, state and local, and foreign income tax expense (if applicable) or benefit applicable to the parent company only income reported in item 9, ''Income (loss) before income taxes and before undistributed income of subsidiary(s),'' including the tax effects of gains (losses) on securities not held in trading accounts. Include both the current and deferred portions of these income taxes. **Do not report the consolidated income tax liability on this line. If the amount is a tax benefit rather than tax expense, enclose it in parentheses.**

Line Item 11 Income (loss) before undistributed income of subsidiary(s).

Report item 9 minus item 10.

Line Item 12 Equity in undistributed income (loss) of subsidiary(s).

Line Item 12(a) Bank subsidiary(s).

Report the amount of the bank holding company's proportionate interest in the net income (loss) of the bank subsidiary(s) as reported in Schedule RI, Income Statement, item 12, of the bank subsidiary's Report of Income *less* any dividends declared by the bank subsidiary(s) for the calendar year-to-date, from January 1 to June 30 for the June 30 reporting period and from January 1 to December 31 for the December 31 reporting period. **(See the worksheet for assistance.)**

Line Item 12(b) Nonbank subsidiary(s).

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

If the reporting bank holding company is a tiered bank holding company, the equity in undistributed income (loss) of the subsidiary bank holding company(s) should be reported in item 12(c), "Subsidiary bank holding company" below.

Line Item 12(c) Subsidiary bank holding company(s).

This item is to be reported only by those holding companies that are tiered bank holding companies.

Report the amount of the reporting parent bank holding company's proportionate interest in the subsidiary bank holding company's net income (loss) as reported separately by the *subsidiary* bank holding company in its FR Y-9SP, Income Statement, item 13 *less* the reporting parent bank holding company's proportionate share of any dividends declared by the subsidiary bank holding company as reported in its FR Y-9SP under Income Statement, item 3(a) for the calendar year-to-date.

Line Item 13 Net income (loss).

Report the sum of items 11, 12(a), 12(b), and 12(c).

Memoranda

Line Item M1 Cash dividends declared by the bank holding company to its shareholders.

Report the amount of cash dividends declared by the bank holding company during the calendar year-to-date. This includes dividends declared before but not payable until after the reporting date.

Line Item M2 Does the reporting bank holding company have a Subchapter S election in effect for federal income tax purposes for the current tax year? (Enter "1" for yes; enter "2" for no.)

Indicate whether the bank holding company has elected, for federal income tax purposes, an "S corporation" status, as defined in Internal Revenue Code Section 1361 as of the report date. Enter "1" for yes; enter "2" for no. In order to be an S corporation, the bank holding company must have a valid election with the Internal Revenue Service and obtain the consent of all of its shareholders. In addition, the bank holding company must meet specific criteria for federal income tax purposes at all times during which the election remains in effect. These specific criteria include, for example, having no more than 75 qualifying shareholders and having only one class of stock outstanding.

Notes to the Parent Company Only Financial Statements for Small Bank Holding Companies—FR Y-9SP

This section has been provided to allow small bank holding companies to provide additional explanations of the content of specific items in the parent company only financial statements. The reporting bank holding company should include any transactions reported on the Balance Sheet and Income Statement that it wishes to explain or that have been separately disclosed in the bank holding company's quarterly reports to its shareholders, in its press releases, or in its quarterly reports to the Securities and Exchange Commission (SEC).

Report in the space provided the schedule and line item for which the holding company is specifying additional information, a description of the transaction and, in the column provided, the dollar amount associated with the transaction being disclosed.

FR Y-9SP CHECKLIST

FRS EDCK	Balance Sheet
030	1. Item 3.a minus 3.b equals item 3.c
032	2. Sum of items 1.a through 2 and 3.c through 8 equals item 9
034	3. Item 12 must be less than or equal to the sum of items 10.a through 11
035	4. Sum of items 16.a through 16.e equals item 16.f
036	5. Sum of items 10.a through 14.b and item 16.f equals item 17
038	6. Item 17 equals item 9
040	7. Item M.2 must be less than or equal to the sum of Balance Sheet, items 10.a through 11
044	8. Item M.4 must be less than or equal to the sum of Balance Sheet, items 10.b and 11
046	9. Item M.6 must be less than or equal to Balance Sheet, item 2
047	10. Sum of items M.7.a and M.7.b equals Balance Sheet, item 2
048[1]	11. Item M.13 equals “1” (yes or no change), “2” (No), or N/A (Not applicable)
052	12. Sum of items M.14.a through M.15.b must be less than or equal to Balance Sheet, item 14.b
053[1]	13. Item M.16.b must be less than or equal to item M.16.a
054[1]	14. If item M.16.a is greater than zero, then item M.16.c must be greater than zero and vice versa
055[1]	15. If item M.16.b is greater than zero, then item M.16.d must be greater than zero and vice versa
056[1]	16. Item M.16.d must be less than or equal to item M.16.c
FRS EDCK	**Income Statement**
100	1. Sum of items 1.a through 4 must equal item 5
125	2. Sum of items 6 and 7 must equal item 8
135	3. Item 5 minus item 8 must equal item 9
145	4. Item 9 minus item 10 must equal item 11
155	5. Sum of items 11 through 12.c must equal item 13
175	6. Item M.2 must equal 1 (yes) or 2 (no)

[1] This edit is to be completed by top-tier bank holding companies and by lower-tier bank holding companies that for reporting purposes file the FR Y-9SP as the top tier. All other lower-tier bank holding companies should report N/A (not applicable).

Worksheet

For the Y-9SP, Item 4(a), ‘‘Equity Investment in Bank Subsidiary(s)’’

(1) Copy the amount of ‘‘Total equity capital’’ reported on the Consolidated Report of Condition (FFIEC 033 or FFIEC 034), Schedule RC, Balance Sheet, item 28, for the bank holding company’s bank subisidiary. _______________

(2) Determine the bank holding company’s percentage ownership in the subsidiary bank specified in (1) above. _______________%

(3) Multiply (1) times (2) above. (This amount generally should be the amount that is reported on item 4(a) of the FR Y-9SP when the bank holding company has only *one* bank subsidiary.) _______________

If audit adjustments from either internal or external auditors, or from an inspection have been made to the subsidiary bank’s financial statements and these adjustments restate the bank subsidiary’s statements, the amount copied in (1) above should be the restated amount.

If the bank subsidiary(s) has issued preferred stock, the bank holding company should contact the Reserve Bank with which it files the FR Y-9SP for assistance in the calculation.

This worksheet may be completed at the bank holding company’s option. It is not to be submitted with the FR Y-9SP.

Worksheet

For the Y-9SP, Income Statement Item 1(a), ‘‘Dividends from Bank Subsidiary(s)’’

(1) Copy the amount of the cash dividends declared by the bank subsidiary from its Consolidated Report of Income (FFIEC 033 or FFIEC 034), Schedule RI-A, items 7 and 8, ‘‘Cash dividends declared on preferred stock’’ and ‘‘Cash dividends declared on common stock.’’ ______________

(2) Determine the bank holding company’s percentage ownership in the subsidiary bank specified in (1) above. ______________%

(3) Multiply (1) times (2) above. (This amount should be equal to the bank holding company’s dividends from the bank subsidiary, item 1 on the Income Statement of the FR Y-9SP if the bank holding company has only *one* bank subsidiary.) ______________

This worksheet may be completed at the bank holding company’s option. It is not to be submitted with the FR Y-9SP.

Worksheet

For the Y-9SP, Income Statement, Item 12(a), ‘‘Equity in Undistributed Income (Loss) of Bank Subsidiary(s)’’

(1)	Copy the amount in the bank subsidiary’s Consolidated Report of Income (FFIEC 033 or FFIEC 034), Schedule RI, item 12, ‘‘Net Income.’’	________________
(2)	Determine the bank holding company’s percentage ownership in the subsidiary bank specified in (1) above.	________________%
(3)	Multiply (1) times (2) above. (This amount should be the equal to the bank holding company’s equity in the net income of the bank subsidiary specified in (1) above.	________________
(4)	Copy the amount reported on item 1 on the Income Statement of the FR Y-9SP ‘‘Dividends from bank subsidiary(s). (See attached worksheet for procedure to calculate such dividends.)	________________
(5)	Subtract (4) from (3). (This amount generally is the amount that should be reported on the FR Y-9SP in item 12(a), ‘‘Equity in undistributed income (loss) of bank subsidiary(s).’’)	________________

If audit adjustments from either internal or external auditors, or from an inspection have been made to the subsidiary bank’s financial statements and these adjustments restate the bank subsidiary’s statements, the amount copied in (1) above should be the restated amount.

If the bank subsidiary(s) has issued preferred stock, the bank holding company should contact the Reserve Bank with which it files the FR Y-9SP for assistance in the calculation.

This worksheet may be completed at the bank holding company’s option. It is not to be submitted with the FR Y-9SP.