INSTRUCTIONS FOR PREPARATION OF

Financial Statements for Bank Holding Companies

FR Y–9C

For purposes of this report, savings and loan holding companies are subject to the same reporting requirements as bank holding companies, unless otherwise noted in these instructions. All references to "bank holding company(s) are inclusive of "savings and loan holding company(s)" unless otherwise noted.[1]

GENERAL INSTRUCTIONS

Who Must Report

A. Reporting Criteria

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

The specific reporting requirements for each bank holding company depend upon the size of the holding company, or other specific factors as determined by the appropriate Federal Reserve Bank. Bank holding companies must file the appropriate forms as described below:

(1) **Bank Holding Companies with Total Consolidated Assets of $500 Million or More.** Bank holding companies with total consolidated assets of $500 million or more (the top tier of a multi-tiered holding company, when applicable) must file:

Footnote 1: Savings and loan holding companies do not include any trust (other than a pension, profit-sharing, stockholders' voting, or business trust) which controls a savings association if such trust by its terms must terminate within 25 years or not later than 21 years and 10 months after the death of individuals living on the effective date of the trust, and (a) was in existence and in control of a savings association on June 26, 1967, or, (b) is a testamentary trust. See Section 238.2 of the interim final rule of Regulation LL, dated September 13, 2011, for more information.

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 unless the top-tier holding company is exempt from reporting the FR Y-9C. If a top-tier holding company is exempt from reporting the FR Y-9C, then the lower-tier holding company (with total consolidated assets of $500 million or more) must file the FR Y-9C.

In addition, such tiered bank holding companies, regardless of the size of the subsidiary bank holding companies, must also submit, or have the top-tier bank holding company subsidiary submit, a separate FR Y-9LP for each lower-tier bank holding company of the top-tier bank holding company.

(2) **Bank Holding Companies that are Employee Stock Ownership Plans.** Bank holding companies that are employee stock ownership plans (ESOPs) as of the last calendar day of the calendar year must file the *Financial Statements for Employee Stock Ownership Plan Bank Holding Companies* (FR Y-9ES) on an annual basis, as of December 31. No other FR Y-9 series form is required. However, bank holding companies that are subsidiaries of ESOP bank holding companies (i.e., a tiered bank holding company) must submit the appropriate FR Y-9 series in accordance with bank holding company reporting requirements.

(3) **Bank Holding Companies with Total Consolidated Assets of Less Than $500 Million.** Bank holding companies with total consolidated assets of less than $500 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.[1]

~~1~~. The Reserve Bank with whom the reporting bank holding company files its reports may require that a bank holding company with total consolidated assets of less than $500 million submit the FR Y-9C and the FR Y-9LP reports to meet supervisory needs. Reserve Banks will consider such criteria including, but not limited to, whether the holding company (1) is engaged in significant nonbanking activities either directly or through

renumber al footnote in the General Instructions

Federal Reserve and the financial statements filed with the SEC.

B. Report Form Captions, Non-applicable Items and Instructional Detail

No caption on the report forms shall be changed in any way. An amount or a zero should be entered for all items except in those cases where (1) the reporting bank holding company does not have any foreign offices; (2) the reporting company does not have any depository institutions that are subsidiaries other than commercial banks; or (3) the reporting bank holding company has no consolidated subsidiari[illegible] any fiduciary capacity and [illegible]e no trust departments. If the [illegible]mpany has only domestic office[illegible](b)(1) and 13(b)(2), and Sche[illegible]nd 2(a)(2) should be left blank[illegible]y does not have any deposito[illegible]ubsidiaries other than commerc[illegible]C-E, items 2(a) through 2(e) s[illegible]e reporting company does no[illegible]ities, then Schedule HI, item 5[illegible]Bank holding company shou[illegible]dum items 9(a) through 9(d) o[illegible]rting bank [illegible]y do[illegible]g assets of $2 million or more[illegible]C-K, item 4(a)) as of the March 31st report date of the current calendar year.

Savings and loan holding companies who are not required to report Schedule HC-L, item 7(c)(1)(a) through item 7(c)(2)(c), Schedule HC-M item 11, item 17, and item 18, or all of Schedule HC-R may leave these items blank.

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~~In addition,~~ bank holding companies who are not required to report Schedule HC-D or Schedule HC-Q may leave these schedules blank.

There may be areas in which a bank holding company wishes more technical detail on the application of accounting standards and procedures to the requirements of these instructions. Such information may often be found in the appropriate entries in the Glossary section of these instructions or, in more detail, in the GAAP standards. Selected sections of the GAAP standards are referenced in the instructions where appropriate. The accounting entries in the Glossary are intended to serve as an aid in specific reporting situations rather than a comprehensive statement on accounting for bank holding companies.

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).

C. Rounding

For bank holding companies with total assets of less than $10 billion, all dollar amounts must be reported in thousands, with the figures rounded to the nearest thousand. Items less than $500 will be reported as zero. For bank holding companies with total assets of $10 billion or more, all dollar amounts may be reported in thousands, but each bank holding company, at its option, may round the figures reported to the nearest million, with zeros reported in the thousands column. For bank holding companies exercising this option, amounts less than $500,000 will be reported as zero.

Rounding could result in details not adding to their stated totals. However, to ensure consistent reporting, the rounded detail items should be adjusted so that the totals and the sums of their components are identical.

On the *Consolidated Financial Statements for Bank Holding Companies*, "Total assets" (Schedule HC, item 12) and "Total liabilities and equity capital" (Schedule HC, item 29), which must be equal, must be derived from unrounded numbers and then rounded to ensure that these two items are equal as reported.

D. Negative Entries

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

(1) Schedule HI, memorandum item 6, "Other noninterest income (itemize and describe the three largest amounts that exceed 1 percent of the sum of Schedule HI, item 1(h) and 5(m))."

(2) Schedule HI, memorandum item 7 "Other noninterest expense (itemize and describe the three largest amounts that exceed 1 percent of Schedule HI, items 1(h) and 5(m))."

(3) Schedule HI, item 5(e), "Venture capital revenue."

(4) Schedule HI, item 5(f), "Net servicing fees."

LINE ITEM INSTRUCTIONS FOR

Consolidated Report of Income

Schedule HI

For purposes of this report, a savings and loan holding company should report income from its savings association(s), nonbank subsidiary(s) and subsidiary savings and loan holding company(s) (as defined in section 238.2 of Regulation LL) following the same guidelines and accounting rules set forth in these instructions for a bank holding company.

The li… sectio… Books… FASB Accounting Standards Codification is referred to as "ASC."

General Instructions

Report in accordance with these instructions all income and expense of the consolidated bank holding company 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.

Bank holding companies that began operating during the reporting period should report in the appropriate items of Schedule HI all income earned and expense incurred since commencing operations. The bank holding company should report pre-opening income earned and expenses incurred from inception until the date operations commenced using one of the two methods described in the Glossary entry for "start-up activities."

Business Combinations and Reorganizations – If the bank holding company entered into a business combination that became effective during the reporting period and which has been accounted for under the acquisition method, report the income and expense of the acquired business only after its acquisition. If the bank holding company entered into a reorganization that became effective during the year-to-date reporting period and has been accounted for at historical cost in a manner similar to a pooling of interests, report the income and expense of the combined entities for the entire calendar year-to-date as though they had combined at the beginning of the year. For further information on business combinations and reorganizations, see the Glossary entry for "business combinations."

Assets and liabilities accounted under the fair value option — Under U.S. generally accepted accounting principles (GAAP) (i.e., ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*), ASC Subtopic 815-15, Derivatives and Hedging – Embedded Derivatives (formerly FASB Statement No. 155, *Accounting for Certain Hybrid Financial Instruments*), and ASC Subtopic 860-50, Transfers and Servicing – Servicing Assets and Liabilities (formerly FASB Statement No. 156, *Accounting for Servicing of Financial Assets*)), the bank holding company may elect to report certain assets and liabilities at fair value with changes in fair value recognized in earnings. This election is generally referred to as the fair value option. If the bank holding company has elected to apply the fair value option to interest-bearing financial assets and liabilities, it should report the interest income on these financial assets (except any that are in nonaccrual status) and the interest expense on these financial liabilities for the year-to-date in the appropriate interest income and interest expense items on Schedule HI, not as part of the reported change in fair value of these assets and liabilities for the year-to-date. The bank holding company should measure the interest income or interest expense on a financial asset or liability to which the fair value option has been applied using either the contractual interest rate on the asset or liability or the effective yield method based on the amount at which the asset or liability was first recognized on the balance sheet. Although the use of the contractual interest rate is an acceptable method under GAAP, when a financial asset or liability has a significant premium or discount upon initial recognition, the measurement of interest income or interest expense under the effective yield method more accurately portrays the economic substance of the transaction. In addition, in some cases, GAAP requires a particular method of interest income recognition when the fair value option is elected. For example, when the fair value option has been applied to a beneficial interest in securitized financial assets within the scope of ASC Subtopic 325-40, Investments-Other – Beneficial Interests in Securitized Financial Assets (formerly Emerging Issues Task Force Issue No. 99-20, *Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets),*

Quarterly Averages
Schedule HC-K

new paragraph ***Insurance savings and loan holding companies that are completing Schedule HC-K and do not calculate quarterly averages as prescribed by these instructions may calculate the quarterly averages utilizing an industry convention or may provide estimates on a best efforts basis utilizing one of the two quarterly average calculations prescribed in these instructions. Disclose the method used to calculate quarterly averages in the "Notes to the Balance Sheet - Other" section.***

General Instructions

Report for the items on this schedule the average of the balances as of the close of business for each day for the calendar quarter or an average of the balances as of the close of business on each Wednesday during the calendar quarter. For days that the bank holding company (or any of its consolidated subsidiaries or branches) is closed (e.g., Saturdays, Sundays, or holidays), use the amount outstanding from the previous business day. An office is considered closed if there are no transactions posted to the general ledger as of that date.

If the reporting bank holding company was the acquirer in a business combination accounted for under the acquisition method for which the acquisition date was during the calendar quarter, the quarterly averages for the bank holding company should include in the numerator:

- Dollar amounts for the reporting bank holding company for each day (or each Wednesday) from the beginning of the quarter until the acquisition date and
- Dollar amounts for the reporting bank holding company and the acquired business for each day (or each Wednesday) from the acquisition date through the end of the quarter

and should include in the denominator the number of days (or Wednesdays) in the entire quarter.

If the reporting bank holding company entered into a reorganization that became effective during the calendar quarter and has been accounted for at historical cost in a manner similar to a pooling of interests, the quarterly averages for the bank holding company should include dollar amounts for both the reporting bank holding company and the business that was combined in the reorganization for each day (or each Wednesday) from the beginning to the end of the quarter in the numerator and the number of days (or Wednesdays) in the entire quarter in the denominator. For further information on business combinations and reorganizations, see the Glossary entry for ''business combinations.''

If the bank holding company began operating during the calendar quarter, the quarterly averages for the bank holding company should include only the dollar amounts for the days (or Wednesdays) since the bank holding company began operating in the numerator and the number of days (or Wednesdays) since the bank holding company began operating in the denominator.

Assets

Line Item 1 Securities.

Line Item 1(a) U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities).

Report the quarterly average of the amortized cost of the bank holding company's held-to-maturity and available-for-sale U.S. Treasury and Government agency obligations (as defined for Schedule HC-B, items 1 and 2, columns A and C).

Line Item 1(b) Mortgage-backed securities.

Report the quarterly average of the amortized cost of the bank holding company's held-to-maturity and available-for-sale mortgage-backed securities (as defined for Schedule HC-B, item 4, columns A and C).

Line Item 1(c) All other securities.

Report the quarterly average of the amortized cost of the bank holding company's held-to-maturity and available-for-sale securities issued by states and political subdivisions in the U.S., asset-backed securities and structured financial products, and other debt securities (as defined for Schedule HC-B, items 3, 5, and 6, columns A and C) plus the quarterly average of the historical cost of investments in mutual funds and other equity securities new paragraph - Savings and loan holding companies should leave this item blank.

reference asset at a specified "strike" spread level. The option purchaser (protection purchaser or beneficiary) buys the right to sell the reference asset to, or purchase it from, the option writer at the strike spread level.

Line Item 7(a)(4) Other credit derivatives.

Report in the appropriate column the notional amount of all other credit derivatives. Other credit derivatives consist of any credit derivatives not reportable as a credit default swap, a total return swap, or a credit option. Credit linked notes are cash securities and should not be reported as other credit derivatives.

Line Item 7(b) Gross fair values.

Report in the appropriate subitem and column the gross fair values of all credit derivatives. As defined in ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, *Fair Value Measurements*), fair value for an asset or liability is the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants (not a forced liquidation or distressed sale) in the asset's or liability's principal (or most advantageous) market at the measurement date. For further information, see the Glossary entry for "fair value." For purposes of this item, the reporting bank holding company should determine the fair value of its credit derivative contracts in the same manner that it determines the fair value of these contracts for other financial reporting purposes.

Line Item 7(b)(1) Gross positive fair value.

Report in the appropriate column the total fair value of those credit derivatives reported in Schedule HC-L, items 7(a)(1) through 7(a)(4), above, with positive fair values.

Line Item 7(b)(2) Gross negative fair value.

Report in the appropriate column the total fair value of those credit derivatives reported in Schedule HC-L, items 7(a)(1) through 7(a)(4), above, with negative fair values. Report the total fair value as an absolute value; do not enclose the total fair value in parentheses or use a minus (-) sign.

Line Item 7(c) Notional amount of all credit derivatives by regulatory capital treatment.

Report in the appropriate subitem the notional amount of all credit derivative contracts according to the reporting bank holding company's treatment of the derivative for regulatory capital purposes. Because each subitem under item 7(c) is mutually exclusive, each credit derivative contract should be reported in only one subitem.

Line Item 7(c)(1) Positions covered under the Market Risk Rule.

For bank holding companies subject to the Market Risk Rule, report in the appropriate subitem the notional amount of covered positions.

Line Item 7(c)(1)(a) Sold protection.

For those credit derivatives that are covered positions under the Market Risk Rule, report the notional amount of credit derivative contracts where the bank holding company is the protection seller (guarantor).

Line Item 7(c)(1)(b) Purchased protection.

For those credit derivatives that are covered positions under the Market Risk Rule, report the notional amount of credit derivative contracts where the bank holding company is the protection purchaser (beneficiary).

Line Item 7(c)(2) All other positions:

Line Item 7(c)(2)(a) Sold protection.

Report the notional amount of credit derivative contracts that are not covered positions under the Market Risk Rule where the reporting bank holding company is the protection seller (guarantor).

Line Item 7(c)(2)(b) Purchased protection that is recognized as a guarantee for regulatory capital purposes.

Report the notional amount of credit derivative contracts that are not covered positions under the Market Risk Rule where the bank holding company is the protection purchaser (beneficiary) and the protection is recognized as a guarantee for regulatory capital purposes. The credit derivative contracts to be reported in this item are limited to those providing purchased protection where an underlying position (usually an asset of the bank holding company) is being hedged by the protection and credit derivative contract meets the criteria for recognition as a guarantee under the Federal Reserve's regulatory capital standards.

new paragraph - Savings and loan holding companies should leave this item blank.

If t[illegible]n is “yes,” restated financial statements that reflect those changes in accounting standards should be submitted to the appropriate Federal Reserve District Bank as soon as possible.

Line Item 10 Not applicable.

Line Item 11 Have all changes in investments and activities been reported to the Federal Reserve on the Bank Holding Company Report of Changes in Organizational Structure (FR Y-10).

Enter a “1” for yes if the bank holding company has submitted all changes, if any, in its investments and activities on the FR Y-10. If the bank holding company had no changes in investments and activities and therefore was not required to file a FR Y-10, also enter a “1” in this item. Enter a “0” for no if it has not yet submitted all changes to investments and activities on the FR Y-10. **(If the answer to this question is no, the bank holding company must complete the FR Y-10 report.)** The name of the holding company official responsible for verifying that the FR Y-10 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-10.

Line Item 12 Intangible assets other than goodwill.

Report in the appropriate subitem the carrying amount of intangible assets other than goodwill. Intangible assets primarily result from business combinations accounted for under the acquisition method in accordance with ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), *Business Combinations*), from acquisitions of portions or segments of another institution’s business such as mortgage servicing portfolios, and credit card portfolios, and from the sale or securitization of financial assets with servicing retained.

An intangible asset with a finite life (other than a servicing asset) should be amortized over its estimated useful life and should be reviewed at least quarterly to determine whether events or changes in circumstances indicate that its carrying amount may not be recoverable. If this review indicates that the carrying amount may not be recoverable, the intangible asset should be tested for recoverability (impairment) in accordance with ASC Topic 360, Property, Plant, and Equipment (formerly FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*). An impairment loss shall be recognized if the carrying amount of the intangible asset is not recoverable and this amount exceeds the asset’s fair value. The carrying amount is not recoverable if it exceeds the sum of the undiscounted expected future cash flows from the intangible asset. An impairment loss is recognized by writing the intangible asset down to its fair value (which becomes the new accounting basis of the intangible asset), with a corresponding charge to expense (which should be reported in Schedule HI, item 7(c)(2)). Subsequent reversal of a previously recognized impairment loss is prohibited.

An intangible asset with an indefinite useful life should not be amortized, but should be tested for impairment at least annually in accordance with ASC Topic 360, Property, Plant, and Equipment (formerly FASB Statement No. 142, *Goodwill and Other Intangible Assets*).

Line Item 12(a) Mortgage servicing assets.

Report the carrying amount of mortgage servicing assets, i.e., the cost of acquiring contracts to service loans secured by real estate (as defined for Schedule HC-C, item 1, and in the Glossary entry for “Loans secured by real estate”) that have been securitized or are owned by another party, net of any related valuation allowances. Servicing assets resulting from contracts to service financial assets other than loans secured by real estate should be reported in line item 12(b). For further information, see the Glossary entry for “servicing assets and liabilities.”

Line Item 12(a)(1) Estimated fair value of mortgage servicing assets.

Report the estimated fair value of the capitalized mortgage servicing assets reported in Schedule HC-M, item 12(a) above.

According to ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, *Fair Value Measurements*), fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants in the asset’s principal (or most advantageous) market at the measurement date. For purposes of this item, the reporting bank holding company should determine the fair value of mortgage servicing assets in the same manner that determines the fair value of these assets for other financial

Schedule HC-M

Savings and loan holding companies should leave this item blank.

Information related to the filing of the FR Y-12 report (Line Items 17, 18, 19(a), 19(b))

Line items 17 and 18 will be used to determine if the reporting bank holding company must complete the Consolidated Bank Holding Company Report of Equity Investments in Nonfinancial Companies (FR Y-12). In a multi-tiered organization with one or more bank holding companies (BHCs), only the top-tier BHC should complete items 17 and 18 on a consolidated basis. However, if a lower-tier BHC is functioning as the consolidated top-tier reporter for other financial reports (for example, when the top-tier is a non-U.S. BHC, ESOP, or limited partnership), this lower-tier BHC should complete items 17 and 18 on a consolidated basis.

Items 19(a) and 19(b) are to be completed by all bank holding companies that are not required to file the FR Y-12.

Line Item 17 Does the bank holding company hold, either directly or indirectly through a subsidiary or affiliate, any nonfinancial equity investments within a Small Business Investment Company (SBIC) structure, or under section 4(c)(6) or 4(c)(7) of the Bank Holding Company Act, or pursuant to the merchant banking authority of section 4(k)4(H) of the Bank Holding Company Act, or pursuant to the investment authority granted by Regulation K?

Enter a "1" if the answer to this question is yes. Enter a "0" if the response to this question is no. *If the answer to this question is no, your organization does not need to complete the FR Y-12. Skip items 18 and proceed to items 19(a) and 19(b). If the answer to this question is yes, proceed to item 18 below.*

For purposes of this question, an *equity investment* refers to common stock, partnership interests, convertible preferred stock, convertible debt, and warrants, options, and other rights that give the holder the right to acquire common stock or instruments convertible into common stock. An equity investment does not include any position or security held in a trading account in accordance with applicable accounting principles and as part of an underwriting, market making or dealing activity.

A *nonfinancial* equity investment means an equity investment made by the BHC or any of its subsidiaries (including all U.S. offices, International Banking Facilities, foreign branches, branches in Puerto Rico and U.S. territories and possessions, and majority-owned bank and nonbank domestic and foreign subsidiaries, including Edge and agreement subsidiaries, domestic nonbankingsubsidiaries, and small business investment companies (SBICs)):

- pursuant to the merchant banking authority of section 4(k)(4)(H) of the BHC Act (12 U.S.C. 1843(k)(4)(H)) and subpart J of the Board's Regulation Y,
- under section 4(c)(6) or 4(c)(7) of the BHC Act (12 U.S.C. 1843(c)(6) and (c)(7)) in a nonfinancial company (as defined below) or in a company that makes investments in nonfinancial companies,
- investments made through a SBIC that is consolidated with the BHC or subsidiary, or in an SBIC that is not consolidated, under section 302(b) of the Small Business Investment Act of 1958,
- in a nonfinancial company under the portfolio investment provisions of the Board's Regulation K (12 CFR 211.8(c)(3), or
- in a nonfinancial company under section 24 of the Federal Deposit Insurance Act (12 U.S.C. 1831a).

This question does not apply to equity investments that a BHC or any of its subsidiaries may make under other legal authorities. For example, this question does not apply to nonfinancial investments made by an insurance company subsidiary of a financial holding company under section 4(k)(4)(I) of the BHC Act (12 U.S.C. 1843(k)(4)(I)). Also, this question does not apply to DPC investments.

A *nonfinancial company* is a company that is engaged in any activity that has not been determined to be financial in nature or incidental to a financial activity under section 4(k) of the BHC Act (12 U.S.C. 1843(k)).

Line Item 18 Do your aggregate nonfinancial equity investments equal or exceed the lesser of $100 million (on an acquisition cost basis) or 10 percent of the BHC's consolidated Tier 1 capital as of the report date?

Enter a "1" if the answer to this question is yes. Enter a "0" if the response to this question is no. *If the answer to* ***both*** *item 17 and item 18 is yes, your organization must complete the FR Y-12. Skip items 19.a and 19.b, and*

For savings and loan holding companies, the definition of nonbank subsidiary *excludes* federal savings associations, federal savings banks and savings associations.

proceed to item 20 below. If the answer to ***either*** *item 17 or item 18 is no, your organization does not need to complete the FR Y-12. Proceed to items 19(a) and 19(b) below.*

See the instructions for item 17 above for the definition of *nonfinancial equity investment*.

Acquisition cost is the amount paid by the BHC for the nonfinancial equity investment when it was acquired.

Tier 1 capital is the amount reported in Schedule HC- R, Regulatory Capital, item 11.

Items 19(a) and 19(b) are to be completed by all bank holding companies that are not required to file the FR Y-12.

Line Item 19(a) Has the bank holding company sold or otherwise liquidated its holding of any nonfinancial equity investment since the previous reporting period?

Enter a "1" if the answer to this question is yes. Enter a "0" if the response to this question is no. See the instructions for item 17 above for the definition of *nonfinancial equity investment*.

Line item 19(b) Does the bank holding company manage any nonfinancial equity investments for the benefit of others?

Enter a "1" if the answer to this question is yes. Enter a "0" if the response to this question is no.

This item applies to all bank holding companies that do not file the FR Y-12 report that manage nonfinancial equity investments for others by serving as a general partner in a limited partnership or performing a similar function in a private equity fund. These investments are not owned by the bank holding company and are not consolidated in the bank holding company's financial statements. Exclude investments managed through a bank trust department in a fiduciary capacity. See the instructions for item 17 above for the definition of *nonfinancial equity investment*.

Line Item 20 Balances of broker–dealer subsidiaries engaged in underwriting or dealing securities pursuant to Section 4(k)(4)(E) of the Bank Holding Company Act as amended by the Gramm–Leach–Bliley Act.

These items are to be completed only by top-tier financial holding companies. A financial holding company is a U.S. bank holding company that has submitted a declaration to become a financial holding company with the appropriate Federal Reserve Bank and whose declaration has been determined to be effective as of the reporting period (e.g., March 31, June 30, September 30, or December 31).

Line Item 20(a) Net Assets.

Report the total net assets of all broker–dealer subsidiaries engaged in underwriting or dealing securities pursuant to Section 4(k)4(E) of the Bank Holding Company Act as amended by the Gramm–Leach–Bliley Act. The definition of assets generally corresponds to Schedule HC, Balance Sheet, line 12. *Include* both domestic and foreign subsidiaries that are owned by the financial holding company. *Exclude* from this item intercompany assets and claims on affiliates that are eliminated when preparing consolidated financial statements for the financial holding company. Report intercompany assets and claims in items 20(b) and 20(c), respectively. Also exclude any subsidiaries that are held through a U.S. depository institution.

Line Item 20(b) Balances due from related institutions.

Report intercompany transaction balances due from the parent company, subsidiary banks and their subsidiaries, and nonbank subsidiaries of the parent bank holding company. This may include cash, receivables and all other amounts due from operating the underwriting subsidiary. All amounts are reported gross.

Line Item 20(b)(1) Due from bank holding company (parent company only), gross.

Report intercompany transaction balances due from the reporting parent bank holding company. This may include receivables and amounts owed from operating the subsidiary or providing services to the parent company.

Line Item 20(b)(2) Due from subsidiary banks of the bank holding company, gross.

Report intercompany transaction balances due from subsidiary banks and their subsidiaries of the bank holding company. This may include cash due from subsidiary banks or amounts owed for services provided.

Schedule HC-M

Line Item 20(b)(3) Due from nonbank subsidiaries of the bank holding company, gross.

Report intercompany transaction balances due from nonbank subsidiaries of the bank holding company.

Line Item 20(c) Balances due to related institutions.

Line items 20(c)(1) through 20(c)(3) include intercompany liabilities that are owed to affiliates or are derived from subordinated debt agreement(s) with affiliates that are considered capital under the SEC's net capital rule (Rule 15c3-1). The aggregate amount of that subordinated debt is reported in line 20(d).

Line Item 20(c)(1) Due to bank holding company (parent company only), gross.

Report the amount of all intercompany liabilities that are owed to the reporting parent bank holding company. Such liabilities may consist of administrative service agreements, utilized lines of credit, management fees, advances or any other amounts due to the bank holding company parent.

Line Item 20(c)(2) Due to subsidiary banks of the bank holding company, gross.

Report the amounts of all intercompany liabilities owed to the subsidiary banks and their subsidiaries of the bank holding company. Such liabilities may consist of short-term loans and transaction processing fees.

Line Item 20(c)(3) Due to the nonbank subsidiaries of the bank holding company, gross.

Report the amount of all intercompany liabilities owed to the nonbank subsidiaries of the bank holding company.

Line Item 20(d) Intercompany liabilities reported in items 20.c(1), 20.c(2), and 20.c(3) above that qualify as liabilities subordinated to claims of general creditors.

Report the amount of intercompany liabilities that are derived from subordinated debt agreement(s) that are considered capital under SEC net capital rules (Rule 15c3-1).

Line Item 21 Net assets of subsidiaries engaged in insurance or reinsurance underwriting pursuant to Section 4(k)(4)(B) of the Bank Holding Company Act as amended by the Gramm—Leach—Bliley Act.

This item is to be completed only by the top-tier financial holding company in a multi-tiered organization (and single-tiered financial holding companies), and includes only newly authorized insurance underwriting activities permitted under the Gramm–Leach–Bliley Act. A financial holding company is a U.S. bank holding company that has submitted a declaration to become a financial holding company with the appropriate Federal Reserve Bank and whose declaration has been determined to be effective as of the reporting period (e.g., March 31, June 30, September 30, or December 31). Report the total net assets for subsidiaries engaged in ins[illegible]erwriting pursuant to Section [illegible] Holding Company Act as am[illegible]ach—Bliley Act. The definiti[illegible]responds to Schedule HC, Ba[illegible]*de* both domestic and foreig[illegible]ed by the financial holding co[illegible]tem:

For savings and loan holding companies, the definition of nonbank subsidiary *excludes* federal savings associations, federal savings banks and savings associations.

(1) [illegible]claims on affiliates that are [illegible]ng consolidated financial [illegible]al holding company,

(2) subsidiaries that engage solely in underwriting credit-related insurance that was permissible for bank holding companies to engage in prior to the Gramm–Leach–Bliley Act under Section 225.28(b)(11)(i) of Regulation Y, and

(3) subsidiaries that are principally engaged in insurance *agency* activities.

Line Item 22 Address (URL) for the reporting bank holding company's web page that displays risk disclosures, including credit and market risks.

(This item is to be reported by bank holding companies with total assets of $30 billion or more.)

Report the bank holding company's Internet Web address, also known as the Uniform Resource Locator (URL), that the public enters into Internet browser software in order to access the bank holding company's risk disclosure information. Bank holding companies should provide the URL that links *directly* to the risk disclosure information on the bank holding company's web site or to a table that

LINE ITEM INSTRUCTIONS FOR

Regulatory Capital

Schedule HC-R

new paragraph ***Note: Savings and loan holding companies are not required to complete the risk-based capital information, Schedule HC-R, Regulatory Capital, until the consolidated regulatory capital requirements for savings and loan holding companies are established.***

General Instructions

The instructions for Schedule HC-R should be read in conjunction with the capital guidelines issued by the Federal Reserve. Under the Federal Reserve's risk-based capital guidelines, assets and credit equivalent amounts of derivatives and off-balance sheet items are assigned to one of several broad risk categories according to the obligor, or, if relevant, the guarantor or the nature of the collateral. The aggregate dollar amount in each risk category is then multiplied by the risk weight associated with that category. The resulting weighted values from each of the risk categories are added together, and generally this sum is the bank holding company's total risk weighted assets which comprises the denominator of the risk-based capital ratio.

Risk weights for derivative contracts and off-balance sheet items are determined by a two-step process. First, the ''credit equivalent amount'' is determined. In the case of derivative contracts, the credit equivalent amount is the sum of the current credit exposure (fair value of the contract, if positive) and the potential future exposure. In the case of most off-balance sheet items, the credit equivalent amount is determined by multiplying the face value or notional amount of the off-balance sheet item by a credit conversion factor. Second, the credit equivalent amount is treated like a balance sheet asset and generally is assigned to the appropriate risk category according to the obligor or, if relevant, the guarantor or the nature of the collateral. A summary of the credit conversion factors for off-balance sheet items is presented below.

In general, if a particular asset, derivative contract, or off-balance sheet item has features that could place it in more than one risk category, it is assigned to the category that has the lowest risk weight. For example, a holding of a U.S. municipal revenue bond that is fully guaranteed by a U.S. bank would be assigned the 20 percent risk weight appropriate to claims guaranteed by U.S. banks, rather than the 50 percent risk weight appropriate to U.S. municipal revenue bonds.

At each bank holding company's option, assets and the credit equivalent amounts of derivative contracts and off-balance sheet items that are assigned to a risk weight category of less than 100 percent may be included in the amount reported for a higher risk weight category (e.g., the 100 percent category) than the risk weight category to which the asset or credit equivalent amount of the off-balance sheet item would otherwise be assigned.

For risk-based capital purposes, the term ''claim'' refers to loans to, debt securities issued by, balances due from, accrued interest receivable from, and all other claims against the various entities with which the reporting bank holding company conducts its business.

If a reporting bank holding company has conveyed risk participations in bankers' acceptances, standby letters of credit, and commitments, it may segregate the amounts conveyed from the total outstanding amount. The bank holding company may then risk weight the amounts conveyed according to the guarantors (i.e., the parties that have acquired the conveyances) separately from the amounts retained if this results in a lower risk weight for the amounts conveyed.

When assets have been transferred with recourse, the amount of risk-based capital required to be maintained to support this exposure may not exceed the maximum amount of recourse for which the transferring institution is contractually liable under the recourse agreement. This rule applies to recourse transactions in which a bank holding company contractually limits its recourse exposure to less than the full effective minimum risk-based capital requirement for the assets transferred—generally, 4 percent for first lien residential mortgage loans and 8 percent for most other assets. These types of asset transfers are referred to as low level recourse transactions