INSTRUCTIONS FOR PREPARATION OF

Financial Statements for Holding Companies

For purposes of this report, all references to "bank(s)" and "associated bank(s)" are inclusive of "savings association(s)" unless otherwise noted.

GENERAL INSTRUCTIONS

Who Must Report

A. Reporting Criteria

All bank holding companies, savings and loan holding companies,[1] and securities holding companies (collectively "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 holding company depend upon the size of the holding company, or other specific factors as determined by the appropriate Federal Reserve Bank. Holding companies must file the appropriate forms as described below:

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

(a) the *Consolidated Financial Statements for Holding Companies* (FR Y-9C) *quarterly, as of the last calendar day of March, June, September, and December.*

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

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

For tiered holding companies. When holding companies with total consolidated assets of $500 million, or more, own or control, or are owned or controlled by, other holding companies (i.e., are tiered holding companies), only the top-tier holding company must file the FR Y-9C for the consolidated 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 holding companies, regardless of the size of the subsidiary holding companies, must also submit, or have the top-tier holding company subsidiary submit, a separate FR Y-9LP for each lower-tier holding company of the top-tier holding company.

(2) **Holding Companies that are Employee Stock Ownership Plans.** 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 Holding Companies* (FR Y-9ES) on an annual basis, as of December 31. No other FR Y-9 series form is required. However, holding companies that are subsidiaries of ESOP holding companies (i.e., a tiered holding company) must submit the appropriate FR Y-9 series in accordance with holding company reporting requirements.

(3) **Holding Companies with Total Consolidated Assets of Less Than $500 Million.** Holding companies with total consolidated assets of less than $500 million must file the *Parent Company Only Financial Statements for Small Holding Companies* (FR Y-9SP) on

1. Savings and loan holding companies (SLHCs) 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 for more information.

a semiannual basis, as of the last calendar day of June and December.[2]

For tiered holding companies. When holding companies with total consolidated assets of less than $500 million, own or control, or are owned or controlled by, other holding companies (i.e., are tiered holding companies), the top-tier holding company must file the FR Y-9SP for the top-tier parent company of the holding company. In addition, such tiered holding companies must also submit, or have the holding company subsidiary submit, a separate FR Y-9SP for each lower-tier holding company.

When a holding company that has total consolidated assets of less than $500 million is a subsidiary of a holding company that files the FR Y-9C, the holding company that has total consolidated assets of less than $500 million would report on the FR Y-9LP rather than the FR Y-9SP.

The instructions for the FR Y-9LP, FR Y-9ES, and the FR Y-9SP are not included in this booklet but may be obtained from the Federal Reserve Bank in the district where the holding company files its reports, or may be found on the Federal Reserve Board's public website (www.federalreserve.gov/boarddocs/reportforms).

B. Exemptions from Reporting the Holding Company Financial Statements

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

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

(2) a ''qualified foreign banking organization'' as defined by Section 211.23(a) of Regulation K (12 CFR 211.23(a)) that controls a U.S. subsidiary 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.

C. Shifts in Reporting Status

A top-tier holding company that reaches $500 million or more in total consolidated assets as of June 30 of the preceding year must begin reporting the FR Y-9C and the FR Y-9LP in March of the current year, and any lower-tier holding companies must begin reporting the FR Y-9LP in March of the current year. If a top-tier holding company reaches $500 million or more in total consolidated assets due to a business combination, a reorganization, or a branch acquisition that is not a business combination, then the holding company must begin reporting the FR Y-9C and the FR Y-9LP with the first quarterly report date following the effective date of the business combination, reorganization, or branch acquisition, and any lower-tier holding companies must begin reporting the FR Y-9LP with the first quarterly report date following the effective date. In general, once a holding company reaches or exceeds $500 million in total consolidated assets and begins filing the FR Y-9C and FR Y-9LP, it should file a complete FR Y-9C and FR Y-9LP going forward (and any lower-tier holding companies should file a complete FR Y-9LP going forward). If a holding company's total consolidated assets should subsequently fall to less than $500 million for four consecutive quarters, then the holding company may revert to filing the FR Y-9SP (and any lower-tier holding companies in those organizations may revert to filing the FR Y-9SP).

Where to Submit the Reports

Electronic Submission

All holding companies must submit their completed reports electronically. Holding companies should contact their district Reserve Bank or go to www.frbservices.org/centralbank/reportingcentral/index.html for procedures for electronic submission.

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2. The Reserve Bank with whom the reporting holding company files its reports may require that a 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 a nonbank subsidiary; (2) conducts significant off-balance-sheet activities, including securitizations or managing or administering assets for third parties, either directly or through a nonbank subsidiary; or (3) has a material amount of debt or equity securities (other than trust preferred securities) outstanding that are registered with the Securities and Exchange Commission.

In addition, any holding company that is not subject to the Federal Reserve's Capital Adequacy Guidelines, but nonetheless elects to comply with the guidelines, are required to file a complete FR Y-9C and FR Y-9LP report, and generally would not be permitted to revert back to filing the FR Y-9SP report in any subsequent periods.

General Instructions

When to Submit the Reports

The *Consolidated Financial Statements for Holding Companies* (FR Y-9C) are required to be submitted as of March 31, June 30, September 30, and December 31. The submission date for holding companies is 40 calendar days after the March 31, June 30, and September 30 as of dates unless that day falls on a weekend or holiday (subject to timely filing provisions). The submission date for holding companies is 45 calendar days after the December 31 as of date. For example, the June 30 report must be received by August 9, and the December 31 report by February 14.

The term ''submission date'' is defined as the date by which the Federal Reserve must receive the holding company's FR Y-9C.

If the submission deadline falls on a weekend or holiday, the report must be received on the first business day after the Saturday, Sunday, or holiday. Earlier submission aids the Federal Reserve in reviewing and processing the reports and is encouraged. No extensions of time for submitting reports are granted.

The reports are due by the end of the reporting day on the submission date (5:00 P.M. at each district Reserve Bank).

How to Prepare the Reports

A. Applicability of GAAP, Consolidation Rules and SEC Consistency

Holding companies are required to prepare and file the *Consolidated Financial Statements for Holding Companies* in accordance with generally accepted accounting principles (GAAP) and these instructions. All reports shall be prepared in a consistent manner. The holding company's financial records shall be maintained in such a manner and scope so as to ensure that the *Consolidated Financial Statements for Holding Companies* can be prepared and filed in accordance with these instructions and reflect a fair presentation of the holding company's financial condition and results of operations.

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

Subsequent Events

Subsequent events are events or transactions that occur after the FR Y-9C balance sheet date, e.g., December 31, but before the FR Y-9C report is filed. Consistent with ASC Topic 855, Subsequent Events (formerly FASB Statement No. 165 ''Subsequent Events''), an institution shall recognize in the FR Y-9C report the effects of all subsequent events (not addressed in other ASC Topics) that provide additional evidence about conditions that existed at the date of the FR Y-9C balance sheet (Schedule HC) including the estimates inherent in the process of preparing the FR Y-9C report e.g., a loss that has been incurred but not yet confirmed as of the FR Y-9C report balance sheet date.

Scope of the ''consolidated holding company'' to be reported in the submitted reports

For purposes of this report, the holding company should consolidate its subsidiaries on the same basis as it does for its annual reports to the SEC or, for those holding companies that do not file reports with the SEC, on the same basis as described in generally accepted accounting principles (GAAP). Generally, under the rules for consolidation established by the SEC and by GAAP, holding companies should consolidate any company in which it owns more than 50 percent of the outstanding voting stock.

Each holding company shall account for any investments in unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the holding company exercises significant influence according to the equity method of accounting, as prescribed by GAAP. The equity method of accounting is described in Schedule HC, item 8. (Refer to the Glossary entry for ''subsidiaries'' for the definitions of the terms subsidiary, associated company, and corporate joint venture.)

Rules of Consolidation

For purposes of these reports, all offices (i.e., branches, subsidiaries, VIEs, and IBFs) that are within the scope of the consolidated holding company as defined above are to be reported on a consolidated basis. Unless the instructions specifically state otherwise, this consolidation shall be on a line-by-line basis, according to the caption shown. As part of the consolidation process, the results of all transactions and all intercompany balances (e.g., outstanding asset/debt relationships) between offices, subsidiaries, and other entities *included* in the scope of the consolidated holding company are to be *eliminated* in the consolidation and must be *excluded* from the *Consolidated Financial Statements for Holding Companies*. (For example, eliminate in the consolidation (1) loans made by the holding company to a consolidated subsidiary and the corresponding liability of the subsidiary to the holding company, (2) a consolidated subsidiary's deposits in another holding company consolidated subsidiary and the corresponding cash or interest-bearing asset balance of the subsidiary, and (3) the intercompany interest income and expense related to such loans and deposits of the holding company and its consolidated subsidiary.)

<u>Exception:</u> For purposes of reporting the total assets of captive insurance and reinsurance subsidiaries in Schedule HC-M, Memoranda, items 7(a) and 7(b), only, holding companies should measure the subsidiaries' total assets before eliminating intercompany transactions between the consolidated subsidiary and other offices or subsidiaries of the consolidated holding company. Otherwise, captive insurance and reinsurance subsidiaries should be reported on a consolidated basis as described in the preceding paragraph.

Subsidiaries of Subsidiaries. For a subsidiary of a holding company that is in turn the parent of one or more subsidiaries:

(1) Each subsidiary shall consolidate its majority-owned subsidiaries in accordance with the consolidation requirements set forth above.

(2) Each subsidiary shall account for any investments in unconsolidated subsidiaries, corporate joint ventures over which the holding company exercises significant influence, and associated companies according to the equity method of accounting.

Noncontrolling (minority) interests. A noncontrolling interest, sometimes called a minority interest, is the portion of equity in a holding company's subsidiary not attributable, directly or indirectly, to the parent holding company. Report noncontrolling interests in the reporting holding company's consolidated subsidiaries in Schedule HC, item 27(b), ''Noncontrolling (minority) interests in consolidated subsidiaries.'' Report the portion of consolidated net income reported in Schedule HI, item 12, that is attributable to noncontrolling interests in consolidated subsidiaries of the holding company in Schedule HI, item 13.

Reporting by type of office (for holding companies with foreign offices)

Some information in the *Consolidated Financial Statements for Holding Companies* are to be reported by type of office (e.g., for domestic offices or for foreign offices) as well as for the consolidated holding company. Where information is called for by type of office, the information reported shall be the office component of the consolidated item unless otherwise specified in the line item instructions. That is, as a general rule, the office information shall be reported at the same level of consolidation as the fully consolidated statement, shall reflect only transactions with parties outside the scope of the consolidated holding company, and shall exclude all transactions between offices of the consolidated holding company as defined above. See the Glossary entries for ''domestic office'' and ''foreign office'' for the definitions of these terms.

Exclusions from coverage of the consolidated report

Subsidiaries where control does not rest with the parent. If control of a majority-owned subsidiary by the holding company does not rest with the holding company because of legal or other reasons (e.g., the subsidiary is in bankruptcy), the subsidiary is not required to be consolidated for purposes of the report.[2] Thus, the holding company's investments in such subsidiaries are not eliminated in consolidation but will be reflected in the reports in the balance sheet item for ''Investments in unconsolidated subsidiaries and associated companies'' (Schedule HC, item 8) and other transactions of the holding company with such subsidiaries will be reflected in the appropriate items of the reports in the same manner as transactions with unrelated outside parties. Additional guidance on this topic is provided in accounting standards, including ASC Subtopic 810-10, Consolidation – Overall (formerly FASB Statement No. 94, *Consolidation of All Majority-Owned Subsidiaries*).

Custody accounts. All custody and safekeeping activities (i.e., the holding of securities, jewelry, coin collections, and other valuables in custody or in safekeeping for customers) should not to be reflected on any basis in the balance sheet of the *Consolidated Financial Statements for Holding Companies* unless cash funds held by the bank in safekeeping for customers are commingled with the general assets of the reporting holding company. In such cases, the commingled funds would be reported in the *Consolidated Financial Statements for Holding Companies* as deposit liabilities of the holding company.

For holding companies that file financial statements with the Securities and Exchange Commission (SEC), major classifications including total assets, total liabilities, total equity capital and net income should generally be the same between the FR Y-9C report filed with the 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 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 holding company has no consolidated subsidiaries that render services in any fiduciary capacity and its subsidiary banks have no trust departments. If the reporting holding company has only domestic offices, Schedule HC, items 13(b)(1) and 13(b)(2), and Schedule HI, items 1(a)(2) and 2(a)(2) should be left blank. If the reporting company does not have any depository institutions that are subsidiaries other than commercial banks, then Schedule HC-E, items 2(a) through 2(e) should be left blank. If the reporting company does not have any trust activities, then Schedule HI, item 5(a) should be left blank. A holding company should leave blank memorandum items 9(a) through 9(d) of Schedule HI if the reporting holding company does not have average trading assets of $2 million or more (reported on Schedule HC-K, item 4(a)) as of the March 31st report date of the current calendar year.

Holding companies who are not required to report Schedule HC-D or Schedule HC-Q may leave these schedules blank. 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.

There may be areas in which a 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 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 holding company submits this report).

C. Rounding

For 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 holding companies with total assets of $10 billion or more, all dollar amounts may be reported in thousands, but each holding company, at its option, may round the figures reported to the nearest million, with zeros reported in the thousands column. For 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 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.''

(5) Schedule HI, item 5(g), ''Net securitization income.''

(6) Schedule HI-A, item 12, ''Other comprehensive income.''

(7) Schedule HC, item 8, ''Investments in unconsolidated subsidiaries and associated companies.''

(8) Schedule HC, item 26(a), ''Retained earnings.''

(9) Schedule HC, item 26(b), ''Accumulated other comprehensive income.''

(10) Schedule HC, item 26(c), ''Other equity capital components. ''

(11) Schedule HC, item 27(a), ''Total holding company equity capital.''

(12) Schedule HC, item 28, ''Total equity capital.''

(13) Schedule HC-C, items 10, 10(a), and 10(b), on ''Lease financing receivables (net of unearned income).''

(14) Schedule HC-P, items 5(a) and 5(b), on ''Noninterest income for the quarter from the sale, securitization, and servicing of 1–4 family residential mortgage loans .''

(15) Schedule HC-Q, memorandum item 2(a), ''Loan commitments (not accounted for as derivatives).''

(16) Schedule HC-R, item 1, ''Total holding company equity capital.''

(17) Schedule HC-R, item 2, ''Net unrealized gains (losses) on available-for-sale securities.''

(18) Schedule HC-R, item 4, ''Accumulated net gains (losses) on cash flow hedges and amounts recorded in AOCI resulting from the initial and subsequent application of FASB ASC 715-20 (former FASB Statement No. 158) to defined benefit postretirement plans.''

(19) Schedule HC-R, item 7(b), ''LESS: Cummulative change in fair value of all financial liabilities accounted for under a fair value option that is included in retained earnings and is attributable to changes in the holding company's own creditworthiness.''

(20) Schedule HC-R, item 8, ''Subtotal.''

(21) Schedule HC-R, item 10, ''Other additions to (deductions from) Tier 1 capital.''

(22) Schedule HC-R, item 11, ''Tier 1 capital.''

(23) Schedule HC-R, item 21, ''Total risk-based capital.''

(24) Schedule HC-R, Column B, ''Items Not Subject to Risk-Weighting,'' for asset categories in items 34 through 43.

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

On the Consolidated Report of Income (Schedule HI), negative entries may appear as appropriate. Income items with a debit balance and expense items with a credit balance must be reported with a minus (−) sign.

E. Confidentiality

The completed version of this report generally is available to the public upon request on an individual basis with the exception of any amounts reported in Schedule HI, memoranda item 7(g), ''FDIC deposit insurance assessments,'' for report dates beginning June 30, 2009, and in Schedule HC-P, item 7(a), ''Representation and warranty reserves for 1-4 family residential mortgage loans sold to U.S. government agencies and government-sponsored agencies,'' and item 7(b), ''Representation and warranty reserves for 1-4 family residential mortgage loans sold to other parties.'' However, a reporting holding company may request confidential treatment for the *Consolidated Financial Statements for Holding Companies* (FR Y-9C) if the 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

General Instructions

In certain limited circumstances, the Federal Reserve may grant confidential treatment for some or all of the items for which such treatment has been requested if the institution clearly has provided a compelling justification for the request.

submitted information would result in unwarranted invasion of personal privacy.

A request for confidential treatment must be submitted in writing prior to ~~the electronic 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.

or included with the submission of the report.

New paragraph
The written request must identify the specific items for which confidential treatment is requested, provide justification for the confidential treatment requested for the identified items,

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.

in accordance with the terms of 12 CFR 261.16, or otherwise provided by law. The Federal Reserve may subsequently release information for which confidential treatment is accorded

If the Federal Reserve deems it necessary to release confidential data, the reporting institution will be notified before it is released.

Check Box
The Reporter must select on page 1 of the form whether any confidential treatment is requested for any portion of the report. If the answer to the first question is "Yes," the Reporter must indicate whether a letter justifying the request for confidential treatment is included with the submission or has been provided separately. **<u>If an institution does not fulfill both requirements, or does not check the appropriate boxes, confidential treatment will not be considered.</u>**

Note: Your responses to the questions regarding confidential treatment on page 1 of the form will be considered public information.

F. Verification and Signatures

...tion should be ...itted. Totals and ...e cross-checked ...eports. Before a ...e compared with ...s report. If there are any unusual changes from the previous report, a brief explanation of the changes should be provided to the appropriate Reserve Bank.

Signatures. The *Consolidated Financial Statements for* ... finan- ... idual ... the ... nowl- ... on or ... fraud ... legal ... *manu-* ... *itted.* ... lding ... web- ... e and ... ched ... s.

G. A...

When the Federal Reserve's interpretation of how GAAP or these instructions should be applied to a specified ... interpretation and to amend previously submitted reports. The Federal Reserve will consider the materiality of such event(s) or transaction(s) in making a determination about requiring the holding company to apply the Federal Reserve's interpretation and to amend previously submit- ... ment No. 8, "Conceptual Framework for Financial Reporting," as follows: "Information is material if omitting it or misstating it could influence decisions that users make on the basis of the financial information of a specific reporting entity." In other words, materiality is an entity-specific aspect of relevance based on the nature or magnitude or both of the items to which the information relates in the context of an individual entity's financial report.

The Federal Reserve may require the filing of amended *Consolidated Financial Statements for Holding Companies* if reports as previously submitted contain significant errors. In addition, a 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.

The Federal Reserve also requests that holding companies that have restated their prior period financial statements as a result of an acquisition submit revised reports for the prior year-ends. While information to ~~complete~~ all schedules to the FR Y-9C may not be available, holding companies are requested to provide the Consolidated Balan... Repor... In the... availa... ate Re... report...

insert footnote:
FOIA exemptions 4 and 6 may be applicable for request for confidentiality. For a complete list see the Board's public web site http://www.federalreserve.gov/foia/exemptions.htm.