Instructions for Preparation of the Annual Financial Statements of Nonbank Subsidiaries of Bank Holding Companies

FR Y–11I

General Instructions

Who Must Report

The Annual Financial Statements of Nonbank Subsidiaries of Bank Holding Companies (FR Y–11I) must be filed annually as of the close of business on December 31 by the top tier bank holding company for each individual nonbank subsidiary that satisfies one of the following requirements:

(1) the nonbank subsidiary is owned or controlled by a bank holding company with total consolidated assets of less than $150 million **or**

(2) the nonbank subsidiary is owned or controlled by a bank holding company with total consolidated assets equal to or greater than $150 million **and**

(a) the total assets of the nonbank subsidiary are less than five percent of the top tier bank holding company's consolidated Tier 1 capital **and**

(b) the total operating revenue of the nonbank subsidiary is less than five percent of the top tier bank holding company's consolidated total operating revenue

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

Exception: A nonbank subsidiary satisfying the criteria to file the Quarterly Financial Statements of Nonbank Subsidiaries of Bank Holding Companies (FR Y–11Q) for any quarter during the calendar year should continue to file the FR Y–11Q for the remainder of the calendar year even if it no longer satisfies the requirement for filing the FR Y–11Q, and is, therefore, *not* required to file the FR Y–11I in December.

Each bank holding company must submit a separate FR Y–11I for each of its nonbank subsidiaries satisfying the above criteria whether directly or indirectly owned.

A subsidiary, for purposes of this report, is defined by Section 225.2 of Federal Reserve Regulation Y, which generally includes companies 25 percent or more owned or controlled by another company. The FR Y–11I report for a nonbank subsidiary owned by more than one bank holding company should be submitted in its entirety by the bank holding company with the majority ownership. The FR Y–11I report for a nonbank subsidiary equally owned by two or more bank holding companies should be submitted in its entirety by the largest bank holding company based on total consolidated assets. Reports must only be filed for subsidiaries that are part of the bank holding company's organizational structure as of the close of business on December 31 of the calendar year for which the report is being filed. The FR Y–11I should not be filed for subsidiaries that were divested or liquidated during the year.

Each bank holding company must submit a FR Y–11I for each individual nonbank subsidiary satisfying the reporting criteria. Each bank holding company must submit a report on a parent-only basis for each parent nonbank subsidiary meeting the criteria and submit individual reports for each lower level nonbank subsidiary required to file the report. The FR Y–11I must be completed on a nonconsolidated basis.

Inactive companies should only be reported if the company has engaged in a business activity within the current calendar year and is still open (i.e., temporarily inactive or in the process of liquidation). Companies such as namesavers or newly organized companies which have never conducted any business activity should not be reported on the FR Y–11I. Additionally, companies that are newly incorporated are required to report upon the commencement of a business activity.

General Instructions

For purposes of this report, nonbank subsidiaries include, but are not limited to, commercial finance companies, leasing companies, mortgage banking companies, other depository institutions, consumer finance companies, insurance agencies or brokerages, securities brokerage and underwriting firms, venture capital corporations, small business investment companies, data processing and information services companies, and insurance underwriting companies. Industrial banks, savings associations, thrifts, and nondepository trust companies and other companies that are federally-insured are *not* required to be reported on this form.

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

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

(1) any subsidiary of a ''qualified foreign banking organization'' as defined by Section 211.23(b) of Regulation K (12 CFR 211.23(b)) except for subsidiaries of a U.S. bank holding company, which is the direct subsidiary of a qualified foreign banking organization.

(2) any federally-insured company which is a subsidiary of a bank holding company.

(3) any subsidiary of a bank or federally-insured company that is a subsidiary of a bank holding company.

(4) any subsidiary of a Small Business Investment Company (SBIC controlled investment).

(5) any subsidiary that is required to file a Report of Condition for Edge or Agreement Corporations (FR 2886b).

(6) any subsidiary, joint venture, or portfolio investment that is required to file the Reports of Condition for Foreign Subsidiaries of U.S. Banking Organizations and the Financial Information for Foreign Subsidiaries of U.S. Banking Organizations (FR 2314).

(7) any subsidiary that is required to file the Financial Statements for a Bank Holding Company Subsidiary Engaged in Bank-Ineligible Securities Underwriting and Dealing (FR Y–20).

Frequency of Reporting

This report is to be submitted annually as of December 31.

Preparation of the Reports

Bank holding companies are required to prepare the Annual Financial Statements of Nonbank Subsidiaries of Bank Holding Companies in accordance with generally accepted accounting principles (GAAP) and with these instructions. All reports shall be reported in a consistent manner.

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

Cover Page

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

Legal Name of Nonbank Subsidiaries

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

Signatures

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

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

General Instructions

Submission of Reports

The reports are to be submitted for each report date on the report forms provided by the Federal Reserve Bank where the bank holding company's Consolidated Financial Statements (FR Y–9C) or Parent Company Only Financial Statements (FR Y–9SP) are submitted. No caption on the report form shall be changed in any way. No item is to be left blank. An entry must be made for each item, i.e., an amount, a zero, or an ''N/A.''

All items will not be applicable to each nonbank subsidiary required to file the report. An ''N/A'' should be entered if the nonbank subsidiary cannot be involved in a transaction because of the nature of the organization. For example, if the subsidiary cannot have deposits because it is a nondepository institution, an ''N/A'' should be entered in line item 14. A zero should be entered whenever a nonbank subsidiary can participate in an activity, but may not, on the report date, have any outstanding balances.

Where to Submit the Reports

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

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

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

Submission Date

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

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

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

Confidentiality

The submissions of this report, with the exceptions outlined below, are available to the public upon request on an individual basis. However, a reporting bank holding company may request confidential treatment for one or more of the nonbank subsidiaries for which it submits the Annual Financial Statements for Nonbank Subsidiaries of Bank Holding Companies if it is of the opinion that disclosure of certain commercial or financial information in the report would likely result in substantial harm to its (or its subsidiaries') competitive position or that disclosure of the submitted personal information would result in unwarranted invasion of personal privacy.

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

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

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

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

(1) Schedule A, Loans and Lease Financing Receivables, item 7.a, ''Loans and leases past due 30 through 89 days'' and item 7.d, ''Loans and leases restructured and included in past due and nonaccrual loans.''

Additional Information

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

Rounding

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

LINE ITEM INSTRUCTIONS FOR

Balance Sheet and Off-Balance Sheet

Assets

Items 1 through 7 and 9 through 11 should exclude balances with related institutions. Balances with related institutions should be reported in item 12 below.

Line Item 1 Cash and balances due from depository institutions.

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

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

Balances due from depository institutions include:

(1) noninterest-bearing funds on deposit at other depository institutions for which the reporting company have already received credit; and

(2) interest-bearing balances due from depository institutions, whether in the form of savings or time balances, including certificates of deposit.

Exclude balances with closed or liquidating banks or other depository institutions and all loans. Also exclude balances due from subsidiary banks of the reporting bank holding company (report in item 12.b below).

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

Report in this item U.S. Treasury securities, U.S. government agency and corporation obligations, securities issued by states and political subdivisions in the U.S., and all other debt and equity securities. Report held-to-maturity securities at amortized cost and available-for-sale securities at fair value.

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

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

(1) immediately available funds under agreements or contracts that mature in one business day or roll over under a continuing contract, regardless of the nature of the transaction or the collateral involved (i.e., whether unsecured, secured, or involving a resale agreement in securities, loans, or any other instruments), excluding overnight lending for commercial and industrial purposes;

(2) other security resale agreements that mature in more than one business day, other than securities purchased under resale (reverse repurchase) agreements to maturity; and

(3) purchases of participations in pools of securities that mature in more than one business day.

Exclude from this item:

(1) Sales of so-called ‘‘term federal funds’’ (i.e., federal funds with a maturity of more than one business day) (report in item 4.a ‘‘Loans and lease financing receivables, net of unearned income’’).

(2) Federal funds sold and securities purchased under agreements to resell and similar transactions in foreign offices of the nonbank subsidiary (report in item 4.a).

(3) Due bills representing purchases of securities or other assets by the nonbank subsidiary that have not

yet been delivered and similar instruments, whether collateralized or uncollateralized (report in item 4.a).

(4) Resale agreements that mature in more than one business day involving assets other than securities (report in item 4.a).

(5) So-called yield maintenance dollar repurchase agreements.

(6) All federal funds sold and securities purchased under agreements to resell with any related institution, which are to be reported in item 12 as appropriate.

Line Item 4 Loans and lease financing receivables.

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

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

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

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

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

Exclude:

(1) all loans and leases with related institutions, which are to be reported in item 12 as appropriate;

(2) all transactions reportable as federal funds sold and securities purchased under agreements to resell in item 3 above;

(3) any loans or leases that the subsidiaries have sold or charged off; and

(4) the fair value of any assets received in full or partial satisfaction of a loan or lease (unless the asset received is itself reportable as a loan or lease).

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

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

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

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

Line Item 5 Assets held in trading accounts.

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

(1) U.S. Treasury securities;

(2) U.S. government agency and corporation obligations;

(3) securities issued by states and political subdivisions in the U.S.;

(4) other bonds, notes, and debentures;

(5) certificates of deposit;

(6) commercial paper; and

(7) bankers acceptances.

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

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

Include the following as premises and fixed assets:

(1) Premises that are actually owned and occupied (or to be occupied, if under construction) by the subsidiary.

(2) Leasehold improvements, vaults, and fixed machinery and equipment.

(3) Remodeling costs to existing premises.

(4) Real estate acquired and intended to be used for future expansion.

(5) Parking lots that are used by customers or employees of the subsidiary.

(6) Furniture, fixtures, and movable equipment of the subsidiary.

(7) Automobiles, airplanes, and other vehicles owned by the subsidiary and used in the conduct of its business.

(8) The amount of capital lease property (with the subsidiary as lessee)—premises, furniture, fixtures, and equipment.

(9) The amounts assigned to leases acquired in purchase and assumption transactions.

(10) The amount of assets that indirectly represent premises, equipment, furniture, or fixtures, including the following:

   (a) stocks and bonds issued by nonmajority-owned corporations whose principal activity is the ownership of land, buildings, equipment, furniture, or fixtures occupied or used (or to be occupied or used) by the subsidiary.

   (b) loans and advances, whether secured or unsecured, to individuals, partnerships, and nonmajority-owned corporations for the purpose of purchasing or holding land, buildings, or fixtures occupied or used (or to be occupied or used) by the subsidiary.

Line Item 7 Other real estate owned.

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

(a) real estate acquired in satisfaction of debts previously contracted and

(b) real estate acquired and held for investment as well as premises formerly but no longer used for activities associated with the subsidiary, and property originally acquired for future expansion but no longer intended to be used for that purpose.

Line Item 8 Investments in other companies.

Report the amount of the nonbank subsidiary's investments in the stock of subsidiaries, associated companies, and those joint ventures over which the respondent exercises significant influence (collectively referred to as ''investees''). *Also include loans and advances to investees and holdings of their bonds, notes, and debentures.*

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

Line Item 9 Intangible assets.

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

(1) business combinations accounted for under the purchase method in accordance with Accounting Principles Board Opinion No. 16, as amended, and

(2) acquisitions of portions or segments of another institution's business, such as branch offices, mortgage servicing portfolios, and credit card portfolios.

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

Report in this item the unamortized cost of the following:

(a) acquiring the rights to perform the servicing function for specific groups of mortgage loans that are owned by others;

(b) purchased credit card relationships (PCCRs) that arise when an organization purchases existing credit card receivables and also has the right to provide credit card services to those customers;

(c) all other specifically identifiable intangible assets, such as core deposit intangibles, favorable leasehold rights, and organization costs; and

(d) goodwill.

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

Line Item 10 All other assets.

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

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

Exclude all balances due from related institutions. Such transactions should be reported in item 12.a, 12.b, or 12.c below. All balances *due to* other nonbank subsidiaries of the respondent's bank holding company should be excluded from this item and included in item 19.c.

Line Item 11 Balances with nonrelated institutions.

Report in this item the sum of items 1, 2, 3, and 4.c through 7, and items 9 and 10 above.

Line Item 12 Balances with related institutions, gross.

Report all balances due from the bank holding company (parent companies only) in item 12.a; all balances due from subsidiary banks of the bank holding company in item 12.b; and all balances due from other nonbank subsidiaries of the bank holding company in item 12.c, gross.

Line Item 12.a Balances due from bank holding company (parent companies only), gross.

Include in this item all balances (including loans and lease financing receivables) held by the nonbank subsidiary due from the bank holding company (parent companies only) on a gross basis.

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

All such balances *due to* the bank holding company (parent companies only) should be excluded from this item and included in item 19.a.

Line Item 12.b Balances due from subsidiary banks of the bank holding company, gross.

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

All balances *due to* subsidiary banks of the respondent's bank holding company should be excluded from this item and included in item 19.b.

Line Item 12.c Balances due from other nonbank subsidiaries of the bank holding company, gross.

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

All balances *due to* other nonbank subsidiaries of the respondent's bank holding company should be excluded from this item and included in item 19.c.

Line Item 13 Total assets.

Report in this item the sum of items 8, 11, 12.a, 12.b, and 12.c.

Liabilities and Equity Capital

Items 14 through 18 should exclude balances with related institutions. Balances with related institutions should be reported in item 19 below.

Line Item 14 Deposits.

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

Exclude all deposits due to related institutions from this item. Such deposits should be reported in item 19.a, 19.b, or 19.c below.

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

Report the total amount of money borrowed by the nonbank subsidiary with an original maturity of one year or less, including federal funds purchased, securities sold under agreements to repurchase, and commercial paper.

Borrowings may take the form of:

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

(2) promissory notes;

(3) notes and bills rediscounted (including commodity drafts rediscounted);

(4) loans sold under repurchase agreements and sales of participations in pools of loans that mature in one business day;

(5) due bills issued representing the nonbank subsidiary's receipt of payment and similar instruments, whether collateralized or uncollateralized;

(6) federal funds purchased;

(7) ''term federal funds'' purchased;

(8) securities sold under agreements to repurchase;

(9) commercial paper; or

(10) any other obligation for the purpose of borrowing money that has an original maturity of one year or less and is not reported elsewhere.

Exclude all borrowings with related institutions from this item. Such borrowings should be reported in item 19.a, 19.b, or 19.c. as appropriate.

Line Item 16 Borrowings with an original maturity of more than one year (including subordinated debt).

Report the total amount of all borrowings of the nonbank subsidiary with an original maturity of more than one year, including subordinated debt. Borrowings may take the form of:

(1) promissory notes;

(2) perpetual debt securities that are unsecured and not subordinated;

(3) notes and bills rediscounted (including commodity drafts rediscounted);

(4) loans sold under repurchase agreements and sales of participations in pools of loans that mature in more than one business day;

(5) due bills issued representing the nonbank subsidiary's receipt of payment and similar instruments, whether collateralized or uncollateralized;

(6) ''term federal funds'' purchased;

(7) securities sold under agreements to repurchase;

(8) notes and debentures issued by the respondent subsidiary;

(9) mortgage indebtedness and obligations under capitalized leases; or

(10) any other obligation for the purpose of borrowing money with an original maturity of more than one year and not reported elsewhere.

Exclude all borrowings with related institutions from this item. Such borrowings should be reported in item 19.a, 19.b, or 19.c below, as appropriate.

Line Item 17 All other liabilities.

Report the total amount of all other liabilities that cannot be properly be reported in item 14, 15, or 16.

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

Exclude all liabilities with related institutions from this item. Such liabilities should be reported in item 19.a, 19.b, or 19.c below, as appropriate.

Line Item 18 Balances with nonrelated institutions.

Report in this item the sum of items 14 through 17 above.

Line Item 19 Balances due to related institutions, gross.

Report all balances due to the bank holding company (parent companies only) in item 19.a; all balances due to subsidiary banks of the bank holding company in item 19.b; and all balances due to other nonbank subsidiaries of the bank holding company in item 19.c, gross.

Line Item 19.a Balances due to the bank holding company (parent companies only), gross.

Report in this item all intercompany balances held by the nonbank subsidiary due to the bank holding company (parent companies only) on a gross basis.

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

All such intercompany balances *due from* the bank holding company (parent companies only) should be excluded from this item and included in item 12.a above.

Line Item 19.b Balances due to subsidiary banks of the bank holding company, gross.

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

All balances *due from* subsidiary banks of the respondent's bank holding company should be excluded from this item and included in item 12.b above.

Line Item 19.c Balances due to other nonbank subsidiaries of the bank holding company, gross.

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

All balances *due from* other nonbank subsidiaries of the respondent's bank holding company should be excluded from this item and included in item 12.c, above.

Line Item 20 Total liabilities.

Report the sum of items 18 and 19.a through 19.c.

Line Item 21 Limited-life preferred stock (including related surplus).

Report the amount of any outstanding limited-life preferred stock including 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. It excludes those issues of preferred stock that automatically convert into perpetual preferred stock at a stated date.

Line Item 22 Total equity capital.

Report the total amount of equity capital of the nonbank subsidiary. Equity capital should equal the sum of perpetual preferred stock, common stock (par or stated value), capital surplus, retained earnings, and net unrealized holding gains (losses) on available-for-sale securities less treasury stock. This item must equal Changes in Equity Capital, item 7, ''Equity capital at end of period.''

Line Item 23 Total liabilities, limited-life preferred stock, and equity capital.

Report the sum of items 20, 21, and 22. This item must equal item 13, ''Total assets.''

Off-Balance-Sheet Items

Report the following selected commitments, contingencies, and other items that are not reportable as part of the Balance Sheet of the Annual Financial Statements of Nonbank Subsidiaries of Bank Holding Companies.

Exclude from this schedule contingencies arising in connection with litigation.

Line Item 24 Unused commitments on securities underwriting.

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

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

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

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

Line Item 25 Unused commitments on loans and all other unused commitments.

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

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

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

(1) Revolving, open-end loans secured by 1–4 family residential properties, e.g., home equity lines.

(2) Commercial real estate, construction, and land development.

(3) Commitments to fund loans secured by real estate.

(4) Commitments to fund loans not secured by real estate.

(5) Credit card lines.

(6) Overdraft facilities.

(7) Commercial lines of credit.

(8) Retail check credit and related plans.

Line Item 26 Standby letters of credit and foreign office guarantees.

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

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

Line Item 27 Commercial and similar letters of credit.

Report the amount outstanding *and* unused as of the report date of issued or confirmed commercial letters of credit, travelers' letters of credit *not issued* for money or its equivalent, and all similar letters of credit, *but excluding standby letters of credit* (which are to be reported in item 26 above). Legally binding commitments to issue commercial letters of credit are to be reported in this item.

Line Item 28 Commitments to purchase foreign currencies and U.S. dollar exchange (spot, forward, and futures).

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

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

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

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

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

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

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

Line Item 29 All other futures and forward contracts (excluding contracts involving foreign exchange).

Report in this item all other futures and forward contracts not included in item 28. Include in this item futures and forward interest rate contracts (e.g., U.S. Treasury securities futures, forward rate agreements, and forward agreements on U.S. government securities) and futures and forward contracts on other commodities (e.g., stock index and commodity contracts).

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

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

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

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

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

Line Item 30 Option contracts.

An option contract conveys either the right or the obligation, depending upon whether the reporting nonbank subsidiary is the purchaser or the writer, respectively, to (1) buy or sell a financial instrument or an interest rate futures contract on a financial instrument at a specified price by a specified future date, (2) exchange two different currencies at a specified exchange rate, or (3) buy or sell stock options, stock index options, or other commodities. Options can be traded on organized exchanges. In addition, options can be written to meet the specialized needs of the counterparties to the transaction. These customized option contracts are known as over the counter (OTC) options and are not generally traded.

In reporting items 30.a and 30.b, do *not* net the following:

(1) obligations of the nonbank subsidiary to buy against the nonbank subsidiary's obligations to sell, or

(2) written options against purchased options.

Line Item 30.a Written option contracts.

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

Line Item 30.b. Purchased option contracts.

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

Line Item 31 Notional value of interest rate swaps.

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

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

Line Item 32 Notional value of exchange swaps.

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

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

Line Item 33 Notional value of other swaps.

Report the notional principal value of all other swap agreements that are not reportable as either interest or foreign exchange rate contracts in items 31 or 32, above.

Line Item 34 Assets sold with recourse

Report in this item the principal balance outstanding of all assets sold with recourse, as of the report date, that have been reported as ‘‘sales of assets’’ under FASB Statement No. 77 and are reported as such on the nonbank subsidiary’s balance sheet.

Report the outstanding principal balance as of the report date for residential mortgage loans that have been pooled and that (1) have been transferred *with recourse* in transactions reported as sales in accordance with generally accepted accounting principles or (2) have been swapped with recourse with FNMA or FHLMC in exchange for participation certificates that the nonbank subsidiary has either sold or carried as assets in Balance Sheet, item 2, ‘‘Securities’’ or Balance Sheet item 5, ‘‘Assets held in trading accounts.’’

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

Line Item 35 All other off-balance-sheet liabilities.

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

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

(1) Securities borrowed against collateral (other than cash) or on an uncollateralized basis.

(2) Securities lent against collateral or on an uncollateralized basis.

(3) Commitments to purchase and to sell securities that have not been issued (when-issued securities).

(4) Participations in acceptances conveyed to others by the reporting nonbank subsidiary or acquired by the nonbank subsidiary.

(5) Financial guarantee insurance that insures the timely payment of principal and interest on bond issues.

(6) Letters of indemnity other than those issued in connection with the replacement of lost or stolen official checks.

(7) Shipside or dockside guarantees or similar guarantees relating to missing bills of lading or title documents and other document guarantees that facilitate the replacement of lost or destroyed documents and negotiable instruments.

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

(1) All items that are required to be reported on the balance sheet, such as repurchase and resale agreements.

(2) Commitments to purchase property being acquired for lease to others (reported in item 25).

(3) Contingent liabilities arising in connection with litigation in which the nonbank subsidiary is involved.

(4) Signature or endorsement guarantees of the type associated with the regular clearing of negotiable instruments or securities in the normal course of business.

LINE ITEM INSTRUCTIONS FOR THE

Income Statement

General Instructions

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

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

All income from the bank holding company (parent companies only), from subsidiary banks directly or indirectly owned or controlled by the bank holding company (or its subsidiary bank holding companies) and from other nonbank subsidiaries of the bank holding company, **should be reported** in item 8 ‘‘Intercompany income.’’

All expense relating to transactions with the bank holding company (parent companies only), with subsidiary banks directly or indirectly owned or controlled by the bank holding company (or its subsidiary bank holding companies), and with other nonbank subsidiaries **should be reported** in item 9, ‘‘Intercompany expense.’’

Line Item 1 Total interest income.

Report in this item all interest, fees and similar income received by the nonbank subsidiary from nonrelated organizations. Include income resulting from interest earned on loans and leases (including related fees), income on balances due from depository institutions, interest and dividends on securities, interest from assets held in trading accounts, interest on federal funds sold and securities purchased under agreements to resell, and any other interest income received by the nonbank subsidiary other than intercompany interest income. Report interest income on balances due from related organization in item 8 below.

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

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

(2) net gains or losses from the sale of assets (report in item 5 or 7, as appropriate); and

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

Line Item 2 Total interest expense.

Report the total amount of interest expense of the nonbank subsidiary pertaining to nonrelated organizations. Include expenses on deposits, on federal funds purchased and securities sold under agreements to repurchase, on short- and long-term borrowings, on subordinated notes and debentures, on mandatory securities, on mortgage indebtedness and obligations under capitalized leases, and all other interest expense, other than intercompany interest expense.

Line Item 3 Net interest income.

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

Line Item 4 Provision for loan and lease losses.

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

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

Item 5 Total noninterest income.

Report all other income not properly reported in item 1, ''Total interest income'' that is derived from activities in which the nonbank subsidiary is engaged. Include income from fiduciary activities, service charges, commissions, and fees for services, trading gains (losses) and fees from assets held in trading accounts and from foreign exchange transactions, net gain from the sale or other disposal of loans or other assets and all other noninterest income. Exclude intercompany noninterest income.

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

Report the net gain or loss realized during the calendar year-to-date from the sale, exchange, redemption, or retirement of Balance sheet, item 2 ''Held-to-maturity and available-for-sale securities.'' The realized gain or loss is the difference between the sales price (excluding interest at the coupon rate accrued since the last interest payment date, if any) and the amortized cost. Also include in this item the write-downs of the cost basis of individual held-to-maturity and available-for-sale securities for other-than-temporary impairments. If the amount to be reported in this item is a net loss, enclose it in parentheses.

Do not adjust for applicable income taxes (income taxes applicable to gains (losses) on held-to-maturity and available-for-sale securities are to be included in the applicable income taxes reported in item 11 below).

Line Item 7 Total noninterest expense.

Report all other expenses not properly reported in item 2, ''Total interest expense'' that is incurred from activities in which the nonbank subsidiary is engaged. Include salaries and employee benefits, expenses on premises and fixed assets, net losses from the sale or disposal of loans, premises, or other real estate owned, fees paid to directors and advisory directors, federal deposit insurance premium, data processing services, office supplies, minority interest in the net income or loss of the nonbank subsidiary, and all other noninterest expenses. Exclude intercompany noninterest expenses.

Line Item 8 Intercompany income.

Report in this item all income derived from transactions between the nonbank subsidiary on this report and the parent bank holding companies, between the nonbank subsidiary and banks that are direct or indirect subsidiaries of the parent bank holding companies, and between the nonbank subsidiary and the other nonbank subsidiaries of the bank holding company. Also, parent nonbank subsidiaries should include in this item the parent's equity in undistributed income of nonbank subsidiaries.

Line Item 9 Intercompany expense.

Report in this item all expenses relating to transactions with the nonbank subsidiary on this report and the parent bank holding companies, between the nonbank subsidiary and banks that are direct or indirect subsidiaries of the parent bank holding companies, and between the nonbank subsidiary and the other nonbank subsidiaries of the bank holding company.

Line Item 10 Income before taxes, extraordinary items, and other adjustments.

Report the sum of items 3, 5, 6, and 8 minus the sum of items 4, 7, and 9. If the result is negative, enclose the amount in parentheses.

Line Item 11 Applicable income taxes (benefits) (estimated).

Report the total estimated federal, state and local, and foreign income tax expense applicable to item 10, ''Income before taxes, extraordinary items, and other adjustments,'' including the tax effects of gains (losses) on securities not held in trading accounts (i.e., available-for-sale securities and held-to-maturity securities). Include both the current and deferred portions of these income taxes. If the amount is a tax benefit rather than a tax expense, enclose it in parentheses. Include as applicable income taxes all taxes based on a net amount of taxable revenue less deductible expenses. Exclude from applicable income taxes all taxes based on gross revenues or gross receipts.

Line Item 12 Extraordinary items, net of income taxes.

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

Line Item 13 Net income (loss).

Report the sum of items 10 and 12 minus item 11. If this amount is a net loss, enclose it in parentheses. This item must equal Changes in Equity Capital, item 2, ''Net Income.''

LINE ITEM INSTRUCTIONS FOR

Changes in Equity Capital

General Instructions

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

Line Item 1 Equity capital end of previous calendar year.

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

Line Item 2 Net income (loss).

Report the net income (loss) for the calendar year-to-date as reported on the Income Statement, item 13, ''Net income (loss).''

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

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

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

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

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

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

(3) Exercise of stock options, including:

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

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

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

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

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

Line Item 4 LESS: Cash dividends declared.

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

Cash dividends are payments of cash to stockholders in proportion to the number of shares they own. Cash dividends on preferred and common stock are to be reported on the date they are declared by the nonbank subsidiary's board of directors (the declaration date) by debiting ''retained earnings'' and crediting ''dividends declared not yet payable,'' which is to be reported in other liabilities. Upon payment of the dividend, ‘‘dividends declared not yet payable’’ is debited for the amount of the cash dividend with an offsetting credit, normally in an equal amount, to ‘‘dividend checks outstanding.’’

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

Line Item 4.a Preferred.

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

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

Line Item 4.b Common.

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

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

Line Item 5 Foreign currency translation adjustments.

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

Line Item 6 Other adjustments.

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

(1) changes incident to business combinations.

(2) cumulative effect of changes in accounting principles from prior years.

(3) corrections of material accounting errors from prior years.

(4) changes in net unrealized holding gains (losses) on available-for-sale.

(5) sales of treasury stock.

(6) LESS: Purchases of treasury stock.

(7) changes in offsetting debit to the liability for Employee Stock Ownership Plan (ESOP) debt guaranteed by the subsidiary.

Line Item 7 Equity capital at end of current period.

Report the sum of items 1, 2, 3, 5, 6, less items 4.a and 4.b. This item must equal Balance Sheet, item 22, ‘‘Total equity capital.’’

LINE ITEM INSTRUCTIONS FOR

Loans and Lease Financing Receivables

Schedule A

General Instructions

This schedule is to be completed only by nonbank subsidiaries engaged in credit extending activities. All transactions with related institutions are excluded from this report.

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

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

All loans are classified according to security, borrower, or purpose. Loans covering two or more classifications are sometimes difficult to classify. In such instances, classify the entire loan according to the major criterion.

Items 1 through 7 should include all loans and leases on the books of the nonbank subsidiary even if on the report date they are past due and collection is doubtful. Exclude any loans or leases the subsidiary has sold or charged off and report in item 8 below.

Exclude, for purposes of this schedule, the following:

(1) all loans of immediately available funds that mature in one business day or roll over under a continuing contract, i.e., federal funds sold that are held in domestic offices of the nonbank subsidiary (report in Balance Sheet, item 3, ‘‘Federal funds sold’’);

(2) contracts of sale or other loans indirectly representing nonbank subsidiary premises or other real estate (report in Balance Sheet, item 6, ‘‘Premises and fixed assets,’’ or item 7, ‘‘Other real estate owned,’’ as appropriate); and

(3) undisbursed loan funds, sometimes referred to as incomplete loans or loans in process, unless the borrower is liable for and pays the interest thereon. If interest is being paid by the borrower on the undisbursed proceeds, the amounts of such undisbursed funds should be included in both loans and deposits. (Do not include loan commitments that have not yet been taken down, even if fees have been paid.

Line Item 1 Loans secured by real estate.

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

Line Item 2 Commercial and industrial loans.

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

Exclude:

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

(2) loans for the purpose of financing agricultural production, whether made to farmers or to nonagricultural businesses (report in item 5 below);

(3) loans to finance companies and insurance companies (report in item 5 below);

(4) loans to broker and dealers in securities, investment companies, and mutual funds (report in item 5 below);

(5) loans to depository institutions (report in item 3 below);

(6) loans to nonprofit organizations (report in item 5 below); and

(7) loans to nondepository financial institutions (report in item 5 below).

Line Item 3 Loans to depository institutions.

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

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

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

Line Item 4 Loans to individuals for personal, household, and other personal expenditures.

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

Exclude loans secured by real estate (report in item 1) above and loans to individuals for the purpose of purchasing or carrying securities (report in item 5 below).

Line Item 5 All other loans and lease financing receivables.

Report in this item all other loans held by the nonbank subsidiary that are not properly included in items 1 through 4 above and all lease financing receivables.

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

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

Line Item 6 Loans and lease financing receivables.

Report loans and lease financing receivables (included in items 1 through 5 above), net of unearned income to U.S. addressees in item 6.a and to non-U.S. addressees in item 6.b. The sum of items 6.a and 6.b should equal the sum of items 1 through 5 above.

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

Line Item 6.a To U.S. addressees.

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

Line Item 6.b To non-U.S. addressees.

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

Line Item 7 Past due and nonaccrual loans and leases.

Report the nonbank subsidiary loans and lease financing receivables that are past due 30 through 89 days and still accruing in item 7.a, past due 90 days or more and still accruing in item 7.b, in nonaccrual status in item 7.c, restructured loans and leases included in past due and nonaccrual loans in item 7.d, and loans and leases restructured and in compliance with modified terms in item 7.e. Loan amounts should be reported net of unearned income. Report the full outstanding balances of the past due loans and lease financing receivables, not simply the delinquent payments.

Line Item 7.a Loans and leases past due 30 through 89 days.

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

Line Item 7.b Loans and leases past due 90 days or more.

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

Line Item 7.c Nonaccrual loans and leases.

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

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

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

Line Item 7.d Loans and leases restructured and included in past due and nonaccrual loans.

Report in this item loans and leases that, under their modified terms, are past due 30 days or more and still accruing or are in nonaccrual status as of the report date. Such loans and leases should be included in item 7.a, 7.b, or 7.c, above.

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

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

Line Item 7.e Loans and leases restructured and in compliance with modified terms.

Report in this item loans and leases not included in item 7.d that are in compliance with their modified terms, that is, restructured loans and leases (1) on which no contractual payments of principal or interest scheduled under the modified terms are due and unpaid or (2) on which contractual payments of both principal and interest scheduled under the modified repayment terms are less than 30 days past due.

Line Item 8 Loan and lease losses.

Line Item 8.a Charge-offs.

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

Line Item 8.b Recoveries.

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

Line Item 9 Loan servicing portfolio.

Line Item 9.a Number of loans in servicing portfolio.

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

Line Item 9.b Dollar amount of loans in servicing portfolio.

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

Line Item 10 Loans that have been securitized and sold without recourse with servicing retained.

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

FR Y-11I CHECKLIST

FRS EDCK	Balance Sheet
050	1. Item 4.a minus item 4.b equals item 4.c
065	2. Sum of items 1 through 3, 4.c through 7, 9, and 10 equals item 11
080	3. Sum of items 8 and 11 through 12.c equals item 13
085	4. Item 23 equals item 13
090	5. Sum of items 14 through 17 equals item 18
100	6. Sum of items 18 through 19.c equals item 20
120	7. Sum of items 20, 21, and 22 equals item 23

FRS EDCK	Income Statement
270	1. Item 1 minus item 2 equals item 3
300	2. Sum of items 3, 5, 6, and 8 minus items 4, 7, and 9 equals item 10
310	3. Sum of items 10 and 12 minus item 11 equals item 13

FRS EDCK	Changes in Equity Capital
360	1. Item 2 equals Income Statement item 13
370	2. Sum of items 1, 2, 3, 5, and 6 minus items 4.a and 4.b equals item 7
375	3. Item 7 equals Balance Sheet item 22