

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 77-22
February 8, 1977

REPRINT OF FORMS F-4 AND F-9 TO REGULATION F

TO ALL STATE MEMBER BANKS
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

Enclosed are copies of reprinted Forms F-4 and F-9 (Revised November 15, 1976) to Regulation F, "Securities of Member State Banks," pursuant to notification contained in this Bank's circular No. 76-152, dated November 9, 1976.

Member banks and others that maintain Regulations Binders should file the enclosed revised Forms F-4 and F-9 in their binders and the original Forms F-4 and F-9 should be removed and destroyed. Any questions concerning this matter should be directed to our Examination Department at (214) 651-6274.

Additional copies of the forms will be furnished upon request to the Secretary's Office of this Bank (214) 651-6267.

Sincerely yours,

Robert H. Boykin

First Vice President

Enclosures

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

FORM F-4

[Revised November 15, 1976]

QUARTERLY REPORT

PART A—SUMMARIZED STATEMENT OF INCOME

(Name of bank)				
(City and State)				
Item	3 months ending _____		Fiscal year to date (____ months ending ____)	
	19____ (current year)	19____ (prior year)	19____ (current year)	19____ (prior year)
1. Operating income:				
(a) Interest and fees on loans				
(b) Interest on balances with banks				
(c) Interest and dividends on securities				
U.S. Treasury securities				
Obligations of other U.S. Government agencies and corporations				
Obligations of States and political subdivisions				
Other securities				
(d) Other operating income				
(e) Total operating income				
2. Operating expenses:				
(a) Salaries and employee benefits				
(b) Interest expense				
(c) Provision for loan losses				
(d) Other operating expenses				
(e) Total operating expenses				
3. Income before income taxes and securities gains (losses)				
4. Applicable income taxes				
5. Income before securities gains (losses)				
6. Net securities gains (losses), less related tax effect				
7. Net income				
Earnings per common share:				
Income before securities gains (losses)				
Net income				
Cash dividends declared per common share				

PART B. BALANCE SHEET

Furnish, insofar as practicable in the manner presented below, data as of the end of the latest fiscal quarter and for the end of the corresponding quarter for the preceding fiscal year.

Item	As of _____ 19_____ (current year)	As of _____ 19_____ ¹ (prior year)
Assets		
1. Cash and due from banks		
2. Investment securities:		
(a) U.S. Treasury securities		
(b) Obligations of other U.S. Government agencies and corporations		
(c) Obligations of States and political subdivisions		
(d) Other securities		
3. Trading account securities		
4. Federal funds sold and securities purchased under agreements to resell		
5. Loans		
Less: reserve for possible loan losses		
Loans, net		
6. Direct lease financing		
7. Bank premise and equipment		
8. Real estate owned other than bank premises		
9. Investment in unconsolidated subsidiaries and associated companies		
10. Customers' acceptance liability		
11. Other assets		
12. Total assets		
Liabilities and Capital		
13. Deposits:		
(a) Demand deposits in domestic offices		
(b) Savings deposits in domestic offices		
(c) Time deposits in domestic offices		
(d) Deposits in foreign offices		
14. Federal funds purchased and securities sold under agreements to repurchase		
15. Other liabilities for borrowed money		
16. Bank's acceptance outstanding		
17. Mortgage indebtedness		
18. Other liabilities		
19. Total liabilities (excluding subordinated notes and debentures)		
20. Subordinated notes and debentures		
21. Equity capital:		
(a) Capital stock: Common stock		
Preferred stock		
(b) Surplus		
(c) Undivided profits		
(d) Reserve for contingencies and other capital reserves		
22. Total equity capital		
23. Total liabilities and equity capital (Items 19, 20 and 22)		

¹ Disclosure of comparative balance sheet data shall not be required for interim periods beginning prior to effective date of this amendment.

PART C. CHANGES IN FINANCIAL POSITION

Item	Fiscal year to date ¹	
	(____ months ending ____)	
	19____ (current year)	19____ (prior year)
Source of Funds		
Operations:		
Net Income		
Charges to Income not affecting Funds:		
Total Funds provided by Operations		
Equity Funds—Sale Proceeds		
Subordinated Notes and Debentures—		
Sale Proceeds		
Increase (Decrease) in Liabilities: ²	_____	_____
Total		
Applications of Funds		
Payment of Dividends		
Purchase of Property and Equipment		
Increase (Decrease) in Assets: ²	_____	_____
Total		

¹ Disclosure of comparative source and application of funds data shall not be required for interim periods beginning prior to effective date of this amendment.

² Sources and applications of funds items shall be shown separately by amounts when they exceed 5 per cent of the average of total funds provided during the respective reported periods.

Pursuant to the requirements of the Securities Exchange Act of 1934, the bank has duly caused this quarterly report to be signed on its behalf by the undersigned, thereunto duly authorized.

Name of bank

Date _____

By _____
Name and title of signing officer

GENERAL INSTRUCTIONS

(a) **Use of Form F-4.** (1) Form F-4 is a guide for use in preparation of quarterly reports to be filed with the Board. (2) The interim report shall be filed not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year. No report need be filed for the fourth quarter of any fiscal year.

(b) **Persons for whom the information is to be given.** The required information is to be given as to the registrant bank or, if the bank files consolidated financial statements with the annual reports filed with the Board, it shall cover the bank and its consolidated subsidiaries. If the information is given as to the bank and its consolidated subsidiaries, it need not be given separately for the bank.

(c) **Presentation of information.** The form calls only for the items of information specified. It is not necessary to furnish a formal financial statement presentation. The information is not required to be audited (see § 206.7(b) of this Part). The report may carry a notation to that effect and any other qualification considered necessary or appropriate. Amounts may be stated in thousands of dollars if a notation to that effect is made.

(d) **Incorporation by reference to published statements.** If the bank makes available to its stockholders or otherwise issues or publishes, within the period prescribed for filing the report, a financial statement containing the information required by this form, such information may be incorporated by reference to such published statement if copies thereof are filed as an exhibit to this report.

(e) **Extraordinary items and cumulative effects of changes in accounting principles.** If present with respect to any interim period reported herein, extraordinary items and cumulative effects of any changes in accounting principles less applicable income tax effect shall be appropriately segregated and included in the determination of net income. (See Form F-9B, Statement of Income.)

(f) **Acquisitions.** (1) If the bank has entered into a business combination with another bank or other related business treated for accounting purposes as a pooling of interests, the results of operations reported in this report—for both the current year and the preceding year—should reflect the combined results of the pooled entities.

Disclosure of the separate results of the combined entities for periods prior to the combination should be given in a footnote with appropriate explanation. (2) In case the bank has acquired a significant amount of assets in a transaction treated for accounting purposes as a purchase, during any of the periods covered by the report, the effect thereof on revenue and net income, in total and per share, should be disclosed in a footnote.

(g) **Management's analysis of Quarterly Income Statements.** The bank shall provide a narrative analysis of the results of operations explaining the reasons for material changes in the amount of revenue and expense items between the most recent quarter and the quarter immediately preceding it, between the most recent quarter and the same calendar quarter in the preceding year, and, if applicable, between the current year to date and the same calendar period in the preceding year. Explanations of material changes should include, but not be limited to, changes in the various elements which determine revenue and expense levels. In addition, the analysis should include an explanation of the effect of any changes in accounting principles and practices or in the methods of their application that have a material effect on net income as reported.

(h) **Other financial information.** The bank may furnish any additional information related to the periods being reported on which, in the opinion of management, is of significance to investors, such as the seasonality of the bank's business, major uncertainties currently facing the bank, significant accounting changes under consideration and the dollar amount of standby letters of credit. In addition, the bank shall indicate whether any Form F-3 was required to be filed reporting any material unusual charges or credits to income during the most recently completed fiscal quarter or whether any Form F-3 was required to be filed during that period reporting a change in independent accountants.

(i) The financial information to be included in this report should be prepared in conformity with the accounting principles and practices reflected in the financial statements included in the annual report filed with the Board for the preceding fiscal year, except for any subsequent regulatory revisions and changes required to be reported by § 206.7(c)(5) of this Part.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

FORM F-9: FINANCIAL STATEMENTS

[Revised November 15, 1976]

A. BALANCE SHEET (Form F-9A)

B. STATEMENT OF INCOME (Form F-9B)

C. STATEMENT OF CHANGES IN CAPITAL ACCOUNTS (Form F-9C)

D. SCHEDULES (Form F-9D)

E. STATEMENT OF CHANGES IN FINANCIAL POSITION (FORM F-9E)

GENERAL INSTRUCTIONS

1. **Preparation of forms.** The forms for financial statements are not to be used as blank forms to be filled in but only as guides in the preparation of financial statements. The requirements with respect to the filing of balance sheets and statements of income are contained in the instructions as to certain other forms required by this Part. Particular attention should be given to the general requirements as to financial statements in § 206.7 of this Part, including paragraphs (e), (f), and (g) thereof, which prescribe when statements of changes in capital accounts, statements of changes in financial position, and schedules will be filed. Although inapplicable items specified in the forms for financial statements should be omitted, the

detailed instructions that relate to applicable items shall be followed.

2. **Accrual accounting.** Financial statements shall generally be prepared on the basis of accrual accounting whereby all revenues and all expenses shall be recognized during the period earned or incurred regardless of the time received or paid, with certain exceptions: (a) where the results would be only insignificantly different on a cash basis, or (b) where accrual is not feasible. Statements with respect to the first fiscal year that a bank reports on the accrual basis shall indicate clearly, by footnote or otherwise, the beginning-of-year adjustments that were necessary and their effect on prior financial statements filed under this Part.

A. BALANCE SHEET

Assets

1. Cash and due from banks
2. Investment securities:
 - (a) U.S. Treasury securities
 - (b) Obligations of other U.S. Government agencies and corporations
 - (c) Obligations of States and political subdivisions
 - (d) Other securities
3. Trading account securities
4. Federal funds sold and securities purchased under agreement to resell
5. Loans
- Less: reserve for possible loan losses
- Loans, net
6. Direct lease financing
7. Bank premises and equipment
8. Real estate owned other than bank premises
9. Investments in unconsolidated subsidiaries and associated companies
10. Customers' acceptance liability
11. Other assets
12. Total assets

ASSETS

1. **Cash and due from banks.** (a) State the total of (1) currency and coin (A) owned and held in the bank's vaults and (B) in transit to or from a Federal Reserve Bank; (2) the bank's total reserve balance with the Federal Reserve Bank as shown by the bank's books; (3) demand and time balances with other banks; and (4) cash items in process of collection.

(b) Reciprocal demand balances with banks in the United States, except those of private banks and American branches of foreign banks, shall be reported net.

(c) Do not include unavailable balances with closed or liquidating banks. Such balances should be reported in "other assets."

(d) Cash items in process of collection include: (1) checks in process of collection drawn on another bank, private bank, or any other banking institution that are payable immediately upon presentation (including checks with a Federal Reserve Bank in process of collection and checks on hand that will be presented for payment or forwarded for collection on the following business day); (2) Government checks and warrants drawn on the

Liabilities and Capital

13. Deposits:
 - (a) Demand deposits in domestic offices ..
 - (b) Savings deposits in domestic offices ...
 - (c) Time deposits in domestic offices
 - (d) Deposits in foreign offices
14. Federal funds purchased and securities sold under agreements to repurchase
15. Other liabilities for borrowed money
16. Bank's acceptances outstanding
17. Mortgage indebtedness
18. Other liabilities
19. Total liabilities (excluding subordinated notes and debentures)
20. Subordinated notes and debentures
21. Equity capital:
 - (a) Capital stock:
 - Common stock
 - Preferred stock
 - (b) Surplus
 - (c) Undivided profits
 - (d) Reserve for contingencies and other capital reserves
22. Total equity capital
23. Total liabilities and equity capital (Items 19, 20, and 22)

Treasurer of the United States that are in process of collection; and (3) such other items in process of collection, including redeemed United States savings bonds, payable immediately upon presentation in the United States, as are customarily cleared or collected by banks as cash items.

(e) Checks drawn on a bank other than the reporting bank that have been deposited in the reporting bank (or offices or branches of such bank) and have been forwarded for collection to other offices or branches of the reporting bank are cash items in the process of collection.

(f) Do not include commodity or bill-of-lading drafts payable upon arrival of goods against which drawn, whether or not deposit credit therefor has been given to a customer. If deposit credit has been given, such drafts should be reported as "loans"; but if the drafts were received by the reporting bank on a collection basis they should not be included in the reporting bank's statement until such time as the funds have been actually collected.

(g) Unposted debits should preferably be deducted from the appropriate deposit liability caption. If such items are included hereunder, the amount shall be stated parenthetically.

2. Investment securities. (a) State separately book value of (1) U.S. Treasury securities; (2) Obligations of other U.S. Government agencies and corporations; (3) Obligations of States and political subdivisions; and (4) Other securities owned by the bank; include securities pledged, loaned or sold under repurchase agreements and similar arrangements.

(b) The aggregate amount on the basis of fair market value at the balance sheet date shall be shown either parenthetically on the balance sheet or by a reference note for each category of investment securities reported under caption 2 of each balance sheet required to be filed.

(c) Book value with respect to investment quality securities reported in paragraph (a) shall be cost adjusted for amortization of premium and for accretion of discount. There shall be set forth in a note to financial statements (1) the basis of accounting for book value, and (2) if bond discount amounts to 5 per cent or more of interest and dividends on investments, the total of accretion income and deferred income taxes applied thereto.

(d) Include in category (3) of paragraph (a) obligations, including warrants and tax anticipation notes, of the States of the United States and their political subdivisions, agencies, and instrumentalities; also obligations of territorial and insular possessions of the United States. Do not include obligations of foreign states.

(e) Do not include borrowed securities or securities purchased under resale agreements or similar arrangements.

3. Trading account securities. State the aggregate value at the balance sheet date, of securities of all types carried by the bank in a dealer trading account (or accounts) that are held principally for resale to customers. Indicate parenthetically, or otherwise in a note to financial statements, whether the inventory is valued at (1) cost, (2) lower of cost or market, or (3) market. If cost basis of valuation is used, furnish aggregate market value of the trading account inventory at the current fiscal year balance sheet date.

4. Federal funds sold and securities purchased under agreements to resell. (a) State the aggregate value of Federal funds sold and securities purchased under resale agreement or similar arrangements. All securities purchased under transactions

of this type should be included regardless of (1) whether they are called simultaneous purchases and sales, buy-backs, turnarounds, overnight transactions, delayed deliveries, etc., and (2) whether the transactions are with the same or different institutions if the purpose of the transactions is to resell identical or similar securities.

(b) Federal funds sold and purchases of securities under resale agreements should be reported gross and not netted against purchases of Federal funds and sales of securities under repurchase agreements.

5. Loans. (a) (1) State the aggregate gross value of all other loans including (a) acceptances of other banks and commercial paper purchased in the open market; (b) acceptances executed by or for the account of the reporting bank and subsequently acquired by it through purchase or discount; (c) customers' liability to the reporting bank on drafts paid under letters of credit for which the bank has not been reimbursed; and (d) "cotton overdrafts" or "advances," and commodity or bill-of-lading drafts payable upon arrival of goods against which drawn, for which the reporting bank has given deposit credit to customers.

(2) Include (a) paper rediscounted with the Federal Reserve or other banks; and (b) paper pledged as collateral to secure bills payable, as marginal collateral to secure bills rediscounted, or for any other purpose.

(3) Do not include contracts of sale or other loans indirectly representing bank premises or other real estate; these should be included in "bank premises" or "other real estate."

(4) Do not deduct bona fide deposits accumulated by borrowers for the payment of loans if such deposits do not immediately reduce the unpaid balance of the loan.

(5) Deduct unearned income on loans.

(b) *Less: Reserve for Possible Loan Losses.* State the balance of the loan loss allowance account at the end of the fiscal year. Include in this allowance only the valuation portion that has been established through charges against income.

Note: For banks on reserve method of accounting for loan losses, the single value reserve account representing the amount calculated pursuant to IRS regulations will be reclassified into three existing components: (1) valuation portion; (2) contingency portion; and (3) deferred tax portion.

Valuation portion. If prior to January 1, 1969, a bank did not distinguish the different parts of the reserve for loan losses, the total balance in the reserve

for loan losses at January 1, 1969, is considered to have been entirely a valuation reserve. Such balance is increased by the amount of provision for loan losses charged to income in each period since December 31, 1968, and the amount of the loan recoveries in each period since December 31, 1968, and reduced by the loan losses charged to reserve for loan losses in each period since December 31, 1968. The resulting balance is the valuation portion of the reserve which is required to be deducted from total loans in the Report of Condition. Only the valuation portion of the reserve for loan losses is available for absorbing loan losses.

Contingency portion. The cumulative amount equivalent to the difference between transfers to the bad debt reserve calculated pursuant to IRS regulations, and the provisions for loan losses charged against income in each report period since December 31, 1968. Such amount, net of applicable income tax reduction benefit, should be included in the "undivided profits" account.

Deferred tax portion. The amount of deferred tax related to the contingency portion described above constitutes the deferred income tax portion and should be reported in "Other liabilities."

Note: In the rare circumstances where the cumulative provisions for loan losses charged against income have exceeded cumulative transfers to the bad debt reserve account calculated pursuant to IRS regulations in the period since December 31, 1968, the entire balance of the reserve for loan losses is considered a valuation reserve.

6. Direct lease financing. Report all lease financing transacted pursuant to applicable State statutes authorizing direct lease financing by banks. Amounts to be reported in this item for all such leases, regardless of form, are to be based on a "financing method" of accounting.

7. Bank premises and equipment. (a) State the aggregate cost of (1) bank premises owned, (2) leasehold improvements, and (3) equipment less any accumulated depreciation or amortization with respect to such assets.

(b) All fixed assets acquired subsequent to December 31, 1959, shall be stated at cost less accumulated depreciation or amortization.

(c) All fixed assets acquired prior to January 1, 1960, that are not presently accounted for by the bank on the basis of cost less accumulated depreciation or amortization, may be stated at book value. Any such assets that are still in use and would not have been fully depreciated on an acceptable method of accounting for depreciation if the bank had recorded depreciation on such basis shall be described briefly in a footnote, together with an explanation of the accounting that was used with respect to such assets.

(d) The term "leasehold improvements" comprehends two types of situations: (1) where the

bank erects a building on leased property; and (2) where a bank occupies leased quarters or uses leased parking lots and appropriately capitalizes disbursements for vaults, fixed machinery and equipment directly related to such leased quarters, or resurfacing or other improvements directly related to such parking lots that will become an integral part of the property and will revert to the lessor on expiration of the lease.

(e) Bank premises includes vaults, fixed machinery and equipment, parking lots owned adjoining or not adjoining the bank premises that are used by customers or employees, and potential building sites.

(f) Equipment includes all movable furniture and fixtures of the bank.

8. Real estate owned other than bank premises.

(a) State the aggregate cost of all real estate owned by the bank that is not a part of bank premises.

(b) With respect to real estate acquired through default of a loan, aggregate cost shall include the unpaid balance on the defaulted loan plus the bank's out-of-pocket costs in acquiring clear title to the property. Any adjustments from aggregate cost shall be explained in a footnote.

(c) The aggregate market value of all real estate owned by the bank that is not a part of bank premises shall be set forth in a footnote, together with an explanation of the method of determining such market value.

9. Investments in unconsolidated subsidiaries and associated companies. State the aggregate investment, including advances, in unconsolidated subsidiaries and associated companies (i.e., those companies where the bank directly or indirectly owns 20 to 50 per cent of common stock).

10. Customers' acceptance liability. (a) State the liability to the reporting bank of its customers on drafts and bills of exchange that have been accepted by the reporting bank or by other banks for its account and that are outstanding—that is, not held by the bank, on the reporting date. (If held by the reporting bank, they should be reported as "loans.")

(b) In case a customer anticipates his liability to the bank on outstanding acceptances by paying the bank either the full amount of his liability or any part thereof in advance of the actual maturity of the acceptance, the bank should decrease the amount of the customer's liability on outstanding acceptances. If such funds are not received for

immediate application to the reduction of the indebtedness to the bank or the receipt thereof does not immediately reduce or extinguish the indebtedness, then such funds held to meet acceptances must be reported in "demand deposits."

(c) Do not include customers' liability on unused commercial and travelers' letters of credit issued under guaranty or against the deposit of security—that is, not issued for money or its equivalent.

11. **Other assets.** State separately, if material, (1) income earned but not collected; (2) prepaid expenses; and (3) any other asset not included in the preceding items.

12. **Total assets.** State the sum of all asset items.

LIABILITIES AND CAPITAL

13. **Deposits.** (a) State separately (1) demand deposits in domestic offices of the bank, (2) savings deposits in domestic offices of the bank, (3) time deposits in domestic offices of the bank, and (4) deposits in foreign offices. State in a note to financial statements the aggregate amount of time certificates of deposits of \$100,000 or more. Related unposted debits, if any, should preferably be deducted from domestic deposits.

(b) The domestic deposit liability categories shall be segregated in accordance with the Rules and Regulations of the Federal Deposit Insurance Corporation, Par 327.2—Classification of Deposits.

(c) The term "unposted debit" means a cash item in the bank's possession drawn on itself that has been paid or credited and is chargeable against, but has not been charged against, deposit liabilities at the close of the reporting period. This term does not include items that have been reflected in deposit accounts on the general ledger, although they have not been debited to individual deposit accounts.

(d) Reciprocal demand deposit balances with banks in the United States, except those of private banks and American branches of foreign banks, shall be reported net.

(e) Include outstanding drafts (including advances or authorizations to charge the bank's balance in another bank) drawn in the regular course of business by the reporting bank on other banks pursuant to customer order.

(f) Do not include trust funds held in the bank's own trust department that the bank keeps segregated and apart from its general assets and does not use in the conduct of its business.

14. **Federal funds purchased and securities sold under agreements to repurchase.** (a) State the aggregate value of Federal funds purchased and securities sold under repurchase or similar arrangements. All securities sold under transactions of this type should be included regardless of (1) whether they are called simultaneous purchases and sales, buy-backs, turnarounds, overnight transactions, delayed deliveries, etc., and (2) whether the transactions are with the same or different institutions if the purpose of the transactions is to repurchase identical or similar securities.

(b) Federal funds purchased and sale of securities under repurchase agreements should be reported gross and not netted against sales of Federal funds and purchases of securities under resale agreements.

15. **Other liabilities for borrowed money.** State the aggregate amount borrowed by the reporting bank on its own promissory notes, on notes and bills rediscounted (including commodity drafts rediscounted), or on any other instruments given for the purpose of borrowing money.

16. **Bank's acceptances outstanding.** (a) State the aggregate of unmatured drafts and bills of exchange accepted by the reporting bank, or by some other bank as agent for the reporting bank (other than those reported in "demand deposits"), less the amount of such acceptances acquired by the reporting bank through discount or purchase and held on the reporting date.

(b) Include bills of exchange accepted by the reporting bank that were drawn by banks or bankers in foreign countries, or in dependencies or insular possessions of the United States, for the purpose of creating dollar exchange as required by usage of trade in the respective countries, dependencies, or insular possessions.

17. **Mortgage indebtedness.** (a) State separately here, or in a note referred to herein, such information as will indicate (1) the general character of the debt including the rate of interest; (2) the date of maturity; (3) if the payment of principal or interest is contingent, an appropriate indication of such contingency; and (4) a brief indication of priority.

(b) If there are any liens on bank premises or other real estate owned by the bank or its consolidated subsidiaries which have not been assumed by the bank or its consolidated subsidiaries, report in a footnote the amount thereof together with an appropriate explanation.

18. **Other liabilities.** State separately, if material, (a) accrued payrolls; (b) accrued income tax liability (Federal, State and local, and foreign); (c) accrued interest; (d) cash dividends declared but not paid; (e) income collected but not earned; (f) aggregate amount of deferred income taxes; (g) the aggregate amount of minority stockholders' interests in capital stock, surplus, and undivided profits of consolidated subsidiaries (if material, minority interest shall be appropriately segregated); and (h) any other liability not included in Items 13 through 17.

19. **Total liabilities, (excluding subordinated notes and debentures).** State the sum of Items 13 through 18.

20. **Subordinated notes and debentures.** State separately here, or in a note referred to herein, each issue or type of obligation and such information as will indicate (a) the general character of each type of debt including the rate of interest; (b) the date of maturity (or dates if maturing serially) and call provisions; (c) the aggregate amount of maturities, and sinking fund requirements, each year for the 5 years following the date of the balance sheet; (d) if the payment of principal or interest is contingent, an appropriate indication of the nature of the contingency; (e) a brief indication of priority; and (f) if convertible, the basis.

21. **Equity capital.** (a) Capital stock. State for each class of shares the title of issue, the number

of shares authorized, the number of shares outstanding and the capital share liability thereof, and, if convertible, the basis of conversion. Show also the dollar amount, if any, of capital shares subscribed but unissued, and of subscriptions receivable thereon.

(b) Surplus. State the net amount formally transferred to the surplus account on or before the reporting date.

(c) Undivided profits. State the amount of undivided profits shown by the bank's books.

(d) Reserve for contingencies and other capital reserves.

(1) State separately each such reserve and its purpose.

(2) These reserves constitute amounts set aside for possible decrease in the book value of assets, or for other unforeseen or indeterminable liabilities not otherwise reflected on the bank's books and not covered by insurance.

(3) As these reserves represent a segregation of undivided profits, do not include any element of known losses, or losses the amount of which can be estimated with reasonable accuracy.

(4) The contingency portion of the former tax-based reserve for loan losses may be included herein at the option of the bank. Other contingency reserves that are established as precautionary measures only shall be included in these reserves, as they represent segregations of "undivided profits."

22. **Total equity capital.** State the total of Item 21.

23. **Total liabilities and equity capital.** State the total of Items 19, 20, and 22.

B. STATEMENT OF INCOME

1. Operating Income:

- (a) Interest and fees on loans
- (b) Interest on balances with banks
- (c) Income on Federal funds sold and securities purchased under agreements to resell ...
- (d) Interest and dividends on investments:
 - (1) U.S. Treasury securities
 - (2) Obligations of other U.S. Government agencies and corporations
 - (3) Obligations of States and political subdivisions
 - (4) Other securities
- (e) Income from direct lease financing
- (f) Income from fiduciary activities
- (g) Service charges on deposit accounts
- (h) Other service charges, collection and exchange charges, commissions, and fees
- (i) Other operating income
- (j) Total operating income

2. Operating Expenses:

- (a) Salaries and employee benefits
- (b) Interest on time certificates of deposit of \$100,000 or more
- (c) Interest on deposits in foreign offices
- (d) Interest on other deposits
- (e) Expense of Federal funds purchased and securities sold under agreements to repurchase
- (f) Interest on other borrowed money
- (g) Interest on subordinated notes and debentures
- (h) Occupancy expense of bank premises, net:
 - Gross occupancy expense
 - Less: Rental income
- (i) Furniture and equipment expense (including depreciation of \$_____)
- (j) Provision for loan losses
- (k) Other operating expenses
- (l) Total operating expenses

3. Income before income taxes and securities gains (losses)

4. Applicable income taxes

5. Income before securities gains (losses)

6. Net securities gains (losses), less related tax effect, \$_____

7. Net Income

or

7. Income before extraordinary items

8. Extraordinary items, less related tax effect, \$_____

9. Net Income

10. Earnings per common share: ¹

Income before securities gains (losses)

Net Income

¹ Per share amount of securities gains (losses) may be stated separately. If extraordinary items are reported, per share amount of income before extraordinary items and per share amount of extraordinary items shall be stated separately.

1. Operating income. State separately:**(a) Interest and fees on loans.**

(1) Include interest, fees and other charges on all assets that are reported on the balance sheet as other loans.

(2) Include interest on acceptances, commercial paper purchased in the open market, drafts for which the bank has given deposit credit to customers, etc. Also include interest on loan paper that has been rediscounted with Federal Reserve or other banks or pledged as collateral to secure bills payable or for any other purpose.

(3) Include service charges and other fees on loans.

(4) Include profits (or losses) resulting from the sale of acceptances and commercial paper at discount rates other than those at which such paper was purchased.

(5) Current amortization of premiums on mortgages or other loans shall be deducted from interest on loans, and current accumulation of discount on such items shall be added to interest on loans.

(b) **Interest on balances with banks.** State the amount of interest income received or accrued during the current reporting period on balances carried with domestic and foreign banks.

(c) **Income on Federal funds sold and securities purchased under agreements to resell.** Include the total gross revenue from Federal funds sold and securities purchased under agreements to resell.

(d) Interest and dividends on investments.

(1) State separately interest and dividends from (A) U.S. Treasury securities, (B) obligations of other U.S. Government agencies and corporations, (C) obligations of States and political subdivisions, and (D) other securities owned by the bank, including securities pledged, loaned, or sold under repurchase agreements and similar arrangements.

(2) Include accretion of discount on securities; deduct amortization of premiums on securities. If accretion of bond discount amounts to 5 per cent or more of the total of interest and dividends on investments, state in a note to financial statements the amount of accretion income and deferred income taxes applicable thereto.

(3) When securities are purchased, any payment for accrued interest shall not be charged to expenses, nor when collected be credited to earnings. Such interest shall be charged to a separate

account that will be credited upon collection of the next interest payment. The balance in the account shall be shown as "Other assets" in the balance sheet.

(e) **Income from direct lease financing.** Include net income earned from the leasing of personal property acquired for that purpose.

(f) Income from fiduciary activities.

(1) Include gross income from services performed by the bank in any authorized fiduciary capacity.

(2) This item may be reported on the cash basis in those instances where the presentation of the item on the financial statements would not be materially affected thereby.

(g) **Service charges on deposit accounts.** Include amounts charged depositors that fail to maintain specified minimum deposit balances; charges based on the number of checks drawn on and deposits made in deposit accounts; charges for account maintenance and for checks drawn on "no minimum balance" deposit accounts; return check charges; etc.

(h) **Other service charges, collection and exchange charges, commissions, and fees.** State the aggregate of other service charges, collection and exchange charges, commissions, and fees. Exclude charges on loans and deposits and those related to the trust department. Do not include reimbursements for out-of-pocket expenditures made by the bank for the account of customers. If expense accounts were charged with the amount of such expenditures, the reimbursements should be credited to the same expense accounts.

(i) Other operating income.

(1) Include all operating income not reported in Items 1(a) through 1(h).

(2) Include (A) net trading account income consisting of profits and losses, interest, and other income and expense related to securities carried in a dealer trading account or accounts that are held principally for resale to customers, but exclude salaries, commissions, and other indirect expenses; (B) gross rentals from "other real estate" and safe deposit boxes; (C) net income from unconsolidated subsidiaries and associated companies; such net income should be accounted for on the equity method of accounting; (D) all other recurring credits (such as miscellaneous recoveries) and immaterial nonrecurring credit items.

(3) Do not include rentals from bank premises. Such rental income shall be reported in the inset to Item 2(h). In the event there is a net occupancy income, the income shall be shown in parentheses in Item 2(h).

(4) Itemize (A) net trading account income, (B) equity in net income of unconsolidated subsidiaries and associated companies, and (C) all other amounts that represent 25 per cent or more of the total of this sub-Item, unless "other operating income" is less than 5 per cent of "total operating income."

(j) **Total operating income.** State the sum of Items 1(a) through 1(i).

2. **Operating expenses.** State separately:

(a) **Salaries and employee benefits.**

(1) Include compensation for personal services of all officers and employees, including dining room and cafeteria employees but not building department employees.

(2) Include amounts withheld from salaries for Social Security taxes and contributions to the bank's pension fund.

(3) Include bonus and profit sharing paid directly or through a trustee.

(4) Do not include compensation of officers and employees who spent the major portion of their working time on bank building and related functions. Such compensation shall be included in Item 2(h).

(5) Do not include amounts paid to legal, management, and investment counsel for professional services if such counsel are not salaried officers or employees of the bank. Such amounts shall be included in Item 2(k).

(6) Include all supplementary benefits, other than direct compensation accrued during the report period on behalf of all officers and employees except building department personnel (see Item 2(h)).

(7) Include the bank's own contribution to its pension fund; unemployment and Social Security taxes for the bank's own account; life insurance premiums (net of dividends received) and hospitalization insurance payable by the bank; and other employee benefits.

(8) Do not include expenses related to testing, training, or education of officers and employees;

the cost of bank newspapers and magazines; premiums on insurance policies where the bank is beneficiary; and athletic activities where the principal purpose is for publicity or public relations and employee benefits are only incidental. Such amounts shall be included in Item 2(h).

(b) **Interest on time certificates of deposit of \$100,000 or more.** Include all interest expense on such time certificates of deposits issued by domestic offices.

(c) **Interest on deposits in foreign offices.** Include all interest expense on deposits carried on the books of foreign offices.

(d) **Interest on other deposits.** Include interest on all other deposits.

(e) **Expense of Federal funds purchased and securities sold under agreements to repurchase.** Include the total gross expenses of Federal funds purchased and securities sold under agreements to repurchase.

(f) **Interest on other borrowed money.** (1) Include all interest and discounts on bills payable, rediscounts, sales of participation in pools of loans, borrowings from Federal Reserve Banks, and other instruments issued for the purpose of borrowing money other than Federal funds purchased and securities sold under agreements to repurchase.

(g) **Interest on subordinated notes and debentures.**

(1) Include all interest on subordinated notes and debentures.

(2) Amortization of premium or discount shall be deducted from or included in the amount reported.

(h) **Occupancy expense of bank premises, net.**

(1) Include in "gross occupancy expense" inset the aggregate amount of (A) salaries, wages, and supplementary compensation of bank personnel who devote the major portion of their time to the operation of bank premises or its consolidated premises subsidiaries; (B) depreciation of bank premises and amortization of leasehold improvements; (C) rent expense of bank premises; (D) real estate taxes; (E) interest on mortgages on bank premises owned; and (F) other bank premises operating and maintenance expenses.

(2) Include in "rental income" inset the aggregate amount of rentals from bank premises leased

by the bank or its consolidated premises subsidiaries.

(3) Report the net occupancy expense (or net income) of bank premises. If net income is reported, the amount shall be shown in parentheses.

(i) **Furniture and equipment expense.**

(1) Include normal and recurring depreciation charges; rental costs of office machines and tabulating and data processing equipment; and ordinary repairs to furniture and office machines, including servicing costs. The amount applicable to depreciation charges shall be shown in parentheses.

(2) Include taxes on equipment.

(j) **Provision for loan losses.**

Banks shall provide an amount sufficient to bring the balance in the "Reserve for Possible Loan Losses" account to an adequate level to absorb expected loan losses based upon management's knowledge and evaluation of the bank's current loan portfolio.

(k) **Other operating expenses.**

(1) Include all operating expenses not reported in Items 2(a) through 2(j).

(2) Include advertising, business promotion, contributions, cost of examinations by supervisory authorities, deposit insurance assessment, fees paid to directors and members of committees, memberships, net cash shortages or overages, operating expenses (except salaries) of "Real estate owned other than bank premises," postage, premium on fidelity insurance, publicity, retainer fees, stationery and office supplies, subscriptions, taxes not reported against other items, telegrams and cables, telephone, temporary agency help, travel, unreimbursed losses on counterfeits, forgeries, payments over stops, and all other recurring expenses and immaterial nonrecurring charges.

(3) Deposit insurance assessment expense shall be reported as a net figure—that is, all assessment credits during the period shall be applied against the assessment expense.

(4) Itemize all amounts that represent 25 per cent or more of this item.

(l) **Total operating expenses.** State the sum of Items 2(a) through 2(k).

3. Income before income taxes and securities gains (losses). State the difference of Item 1(j) minus Item 2(l).

4. Applicable income taxes. (a) State the aggregate of Federal, State and local, and foreign taxes applicable to the amount reported in Item 3.

(b) Do not include taxes applicable to net security gains (losses) and extraordinary items. Such taxes (or tax credits) shall be reported in Items 6 and 8.

5. Income before securities gains (losses). State the difference of Item 3 minus Item 4.

6. Net securities gains (losses). State the net result of security gains and losses realized. Related income taxes (or tax credits) shall be shown parenthetically.

7. Net income. State the sum or difference of Items 5 and 6.

Note.—If extraordinary items are reported (See Item 8) the caption to this Item shall read, "Income before extraordinary items."

8. Extraordinary items. State the material results of non-recurring transactions that have occurred during the current reporting period. Only the results of major events outside of the ordinary operating activity of the bank are to be reported herein. Such events would include, but not be limited to, material gain or loss from certain extinguishments of indebtedness between unrelated entities and application of operating tax loss carry-forward benefits. Related income taxes (or tax credits) shall be shown parenthetically. (Less than material results of nonrecurring transactions are to be included in Items 1(i) or 2(k), as appropriate.)

9. Net income. State the sum or difference of Items 7 and 8.

10. Earnings per common share. State the per share amounts applicable to common stock (including common stock equivalents) and per share amounts on a fully diluted basis, if applicable. The basis of computation, including the number of shares used, shall be furnished in a note to financial statements.

C. STATEMENT OF CHANGES IN CAPITAL ACCOUNTS

Increase (decrease)	Pre- ferred stock \$_____ par	Com- mon stock \$_____ par	Surplus	Undi- vided profits	Reserve for contin- gencies and other capital reserves
1. Net income transferred to undivided profits					
2. Preferred stock and common stock sold (par or face value)					
3. Stock issued incident to mergers and acquisitions..					
4. Premium on capital stock sold					
5. Additions to, or reductions in, surplus, undivided profits, and reserves incident to mergers					
6. Cash dividends declared on preferred stock					
7. Cash dividends declared on common stock					
8. Stock dividends issued, _____ shares at par value					
9. All other increases (decreases) ¹					
10. Net increase (decrease) for the year					
11. Balance at beginning of year ²					
12. Balance at end of year					

¹ State separately any material amounts, indicating clearly the nature of the transaction out of which the item arose.

² If the statement is filed as part of an annual or other

periodic report and the balances at the beginning of the period differ from the closing balances as filed for the previous fiscal period, state in a footnote the difference, and explain.

D. SCHEDULES

**SCHEDULE I—U.S. TREASURY SECURITIES, SECURITIES OF OTHER U.S.
GOVERNMENT AGENCIES AND CORPORATIONS, AND OBLIGATIONS OF
STATES AND POLITICAL SUBDIVISIONS**

Type and maturity grouping	Book value ¹	Market value ²
U.S. Treasury securities:		
Within 1 year		
After 1 but within 5 years		
After 5 but within 10 years		
After 10 years		
Total U.S. Treasury securities		
Securities of other U.S. Government agencies and corporations:		
Within 1 year		
After 1 but within 5 years		
After 5 but within 10 years		
After 10 years		
Total securities of other U.S. Government agencies and corporations		
Obligations of States and political subdivisions: ³		
Within 1 year		
After 1 but within 5 years		
After 5 but within 10 years		
After 10 years		
Total obligations of States and political subdivisions		

¹ State briefly in a footnote the basis for determining the amounts shown in this column.

² If market value is determined on any basis other than market quotations at balance sheet date, explain.

³ Include obligations of the States of the United States and their political subdivisions, agencies, and instrumentalities; also obligations of territorial and insular possessions of the United States. Do not include obligations of foreign states.

SCHEDULE II—OTHER SECURITIES

Type	Book value ¹	Market value ²
Bonds, notes, and debentures ³		
Stock of the Federal Reserve Bank		
Other stock ³		
Total		

¹ State briefly in a footnote the basis for determining the amounts shown in this column.

² If market value is determined on any basis other than market quotation at balance sheet date, explain.

³ State in a footnote the aggregate amount and book value of foreign securities included.

SCHEDULE III—LOANS

Type	Book value
Loans in domestic offices	
Real estate loans:	
Insured or guaranteed by the U.S. Government or its agencies	
Other	
Loans to financial institutions	
Loans for purchasing or carrying securities (secured or unsecured)	
Loans to farmers	
Commercial and industrial loans	
Loans to individuals for household, family, and other personal expenditures	
All other loans (including overdrafts)	
Loans in foreign offices	
Total loans, gross	
Less: Unearned income on loans	
Total loans reported in balance sheet	

Note: "Schedule A—Loans" of the supervisory Report of Condition submitted for the same year-end date may be incorporated by reference, provided copies are filed with the report.

SCHEDULE IV—BANK PREMISES AND EQUIPMENT

Classification ¹	Gross book value ²	Accumulated depreciation and amortization ^{3, 4}	Amount at which carried on balance sheet
Bank premises (including land \$_____)			
Equipment			
Leasehold improvements			
Totals ⁵			

¹ If impractical to consolidate foreign branch and foreign subsidiary bank premises and equipment in accordance with the breakdown required by this schedule, a separate caption stating the total amount of all such property may be inserted. Such action should be explained in a footnote.

² State briefly in a footnote the basis of determining the amounts in this column.

³ If provision for depreciation and amortization is credited in the books directly to the asset accounts, the amounts for the last fiscal year shall be stated in an explanatory footnote.

⁴ The nature and amount of significant additions (other than provisions for depreciation and amortization) and deductions shall be stated in an explanatory footnote.

⁵ Show in a footnote totals (corresponding to the first two columns) representing amounts reported for Federal income tax purposes.

SCHEDULE V—INVESTMENTS IN, DIVIDEND INCOME FROM, AND SHARE IN EARNINGS OR LOSSES OF UNCONSOLIDATED SUBSIDIARIES

Name of subsidiary	Per cent of voting stock owned	Total investment, including advances	Equity in underlying net assets at balance sheet date ¹	Amounts of dividends ²	Bank's proportionate part of earnings or loss for the period
Totals					

¹ Equity shall include advances reported in preceding column to the extent recoverable.

² In a footnote state as to any dividends other than cash, the basis on which they have been reported as income. Also, if any such dividend received has been credited to income in an amount differing from that charged to surplus and/or undivided profits by the disbursing subsidiary, state the amount of such difference and explain.

SCHEDULE VI—"OTHER" LIABILITIES FOR BORROWED MONEY

Item	Amount
Borrowings from Federal Reserve Bank	
Unsecured notes payable within 1 year	
Unsecured notes payable after 1 year	
Other obligations	
Total	

SCHEDULE VII—RESERVE FOR POSSIBLE LOAN LOSSES ¹

Item	Amount
Balance at beginning of period	
Recoveries credited to Reserve	
Additions due to mergers and absorptions ²	
Provision for loan losses from income statement	
Losses charged to Reserve	
Balance at end of period ^{3, 4}	

¹ Do not include any entries pertaining to reserve accounts established by segregations of the bank's undivided profits account. See instructions to Item 22, Equity capital, of Form F-9A.

² Describe briefly in a footnote any such addition.

³ Describe briefly in a footnote the basis used in determining the amount accumulated in the Reserve at the end of the period.

⁴ Indicate in a footnote whether the bank's Reserve for bad debts computed for Federal income tax return purposes is at the maximum allowable pursuant to the Treasury tax formula. In addition, set forth a summary reconciliation of any material difference between the Reserve for possible loan losses reported herein and the Reserve for bad debts computed for Federal income tax return purposes.

E. CHANGES IN FINANCIAL POSITION

Sources of Funds

Operations:

Net Income

Charges to Income not affecting Funds:

Total Funds provided by Operations

Equity Funds — Sale Proceeds

Subordinated Notes and Debentures — Sale Proceeds

Increase (Decrease) in Liabilities: ¹

Total

Applications of Funds

Payment of Dividends

Purchase of Property and Equipment

Increase (Decrease) in Assets: ¹

Total

¹ Sources and applications of funds items shall be shown separately by amounts when they exceed 5 per cent of the average of total funds provided during the respective reported periods.