

Board of Governors of the Federal Reserve System



Instructions for Preparation of **Annual Report of Bank Holding Companies**

Reporting Form FR Y-6

Reissued December 2001

Instructions for Preparation of the Annual Report of Bank Holding Companies— (FR Y-6)

General Instructions

Who Must Report

The FR Y-6 is to be filed by all bank holding companies.¹

Multi-tiered bank holding companies composed of bank holding companies that are direct or indirect subsidiaries of another bank holding company can satisfy the reporting requirements of the FR Y-6 by submitting the required information as part of the FR Y-6 submission of the top-tier bank holding company. In submitting the report, each bank holding company within a tiered bank holding company organization must respond individually to Report Items 3 and 4. Subsidiary bank holding companies are not required to complete Report Item 2 as the separate submission of this information would duplicate the information required of the top-tiered bank holding company.

Frequency of Reporting

The FR Y-6 is required to be submitted as of the end of the bank holding company's fiscal year.

Submission Date

The FR Y-6 should be filed no later than 90 calendar days after the end of the bank holding company's fiscal

year. The report is due by the end of the reporting day on the submission date (i.e., 5:00 P.M. at each of the Reserve Banks). 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-6 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.

1. Bank holding companies that are "qualified foreign banking organizations" as defined by section 211.23(a) of Regulation K (12 C.F.R. 211.23(a)) are not required to file this form. These bank holding companies are organized under the laws of a foreign country and are principally engaged in the business of banking outside the United States. Their reporting requirements are contained in the FR Y-7, Annual Report of Foreign Banking Organizations.

General and Report Item Instructions

Where to Submit the Reports

Submit to the appropriate Federal Reserve District Bank the original report and the number of copies specified by that District Bank. In general, the appropriate Reserve Bank is the Reserve Bank of the Federal Reserve District in which the bank holding company's banking operations are principally conducted, as measured by total domestic deposits in its subsidiary banks. Bank holding companies that are subsidiaries of another bank holding company and that choose to file a separate FR Y-6 from the FR Y-6 filed by the top-tier bank holding company should submit their FR Y-6 to the same Federal Reserve Bank as the top-tier bank holding company.

All reports shall be made out clearly and legibly submitted in typewritten form or in ink. Reports completed in pencil will not be accepted.

Confidentiality

The information submitted by bank holding companies in the FR Y-6 is available to the public upon request.

If any bank holding company is of the opinion that disclosure of certain commercial or financial information contained in the report would likely result in substantial harm to its competitive position or to the competitive position of its subsidiaries, or that disclosure of submitted information is of a personal nature that would result in a clearly unwarranted invasion of personal privacy, that bank holding company may request confidential treatment for the report.

This request for confidential treatment must be submitted in writing concurrently with the submission of the FR Y-6. In the request, the bank holding company must provide for each response submitted with a request for confidential treatment, a detailed discussion that justifies confidential treatment of that item. The bank holding company's reasons for requesting confidentiality should clearly demonstrate the specific nature of the harm that would result from public release of the specific data; simply stating that in general the release of the data would result in competitive harm or that it is personal in nature is not sufficient.

Bank holding companies that have requested confidential treatment for specific responses to the FR Y-6 must submit the report in two sections. Bank holding com-

panies must separate the data for which confidential treatment is requested from the data for which confidential treatment is not requested. The section containing the information for which confidential treatment is requested must be bound separately from other information submitted on the FR Y-6 and must be labeled "Confidential." In completing the public section of the FR Y-6, bank holding companies must respond to each report item. For items submitted separately with a request for confidential treatment, the bank holding company must state in the public submission that this information has been submitted separately in the confidential section.

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

Audit Requirements

Bank holding companies do not have to *submit* audited financial statements as part of the requirements of the FR Y-6. However, the Federal Reserve requires that top-tier bank holding companies with total consolidated assets of \$500 million or more as of the end of the bank holding company's fiscal year must have an annual audit of its consolidated financial statements (balance sheets, statements of income, changes in equity capital, and cash flows, with accompanying footnote disclosure) by an independent public accountant. In addition, the Federal Reserve may request audited consolidated financial statements from any bank holding company with total consolidated assets of less than \$500 million if deemed warranted for supervisory purposes.

Each top-tier bank holding company with total consolidated assets of \$500 million or more shall engage an independent public accountant to audit and report on its annual financial statements in accordance with generally accepted auditing standards. The scope of the audit engagement shall be sufficient to permit such accountant to determine and report whether the financial statements are presented fairly and in accordance with generally accepted accounting principles.

While the Federal Reserve will not require the *submission* of audited financial statements with the FR Y-6 from top-tier bank holding companies with total consolidated assets of \$500 million or more, the Federal Reserve may request such financial statements if deemed necessary.

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Therefore those bank holding companies who must comply with this audit requirement must have their audited financial statements on file and readily available for their District Federal Reserve Bank.

Additional Information

The Federal Reserve System reserves the right to require the filing of additional statements and information if the information submitted in the FR Y-6 report is not sufficient to appraise the financial soundness of the bank holding company or to determine its compliance with applicable laws and regulations.

What Must Be Submitted

Bank holding companies must submit responses to the following report items. If certain report items are not applicable to the reporting bank holding company, a response of "None" must be reported for those report items:

Report Item 1(a): Form 10-K filed with the Securities and Exchange Commission

Bank holding companies that are registered with the Securities and Exchange Commission must submit with each required copy of the FR Y-6 a copy of the most recent Form 10-K filed with the Securities and Exchange Commission.

Report Item 1(b): Annual reports to shareholders

Bank holding companies that prepare an annual report for their shareholders and are not registered with the Securities and Exchange Commission must submit a copy of the annual report with each required copy of the FR Y-6. If the annual report is not available by the submission date, the bank holding company must inform the appropriate Federal Reserve Bank that it will forward its annual report to the District Federal Reserve Bank as soon as practicable.

An annual report is to be submitted to the Federal Reserve only if such a report is created for shareholders. Bank holding companies do not need to create an annual report if such report is not normally created for shareholders.

Bank holding companies may be required to submit, at the discretion of their District Federal Reserve Bank,

free-form comparative financial statements, footnotes and any other information that is deemed necessary by their District Federal Reserve Bank to fulfill its supervisory responsibilities. The Federal Reserve may request that such financial statements and footnotes be audited by an independent public accountant.

Report Item 2: Organization Chart

Submit an organization chart indicating the top tier organization and its holdings of all companies as defined below. The organization chart (may be in a diagram form) should disclose the full legal names, location (i.e., city, state or country) intercompany ownership and control relationships, and the percentage ownership (of voting and nonvoting equity or other interests) by the Bank Holding Company (BHC).

The information may be provided in a format that is convenient for the reporter. One option is a single organization chart, annotated, to indicate those companies reportable on the FR Y-6 Organization Chart, but not reportable on the FR Y-10. Another option is an organization chart showing the companies that are reportable on the FR Y-10 and a separate list of all additional companies that are reportable on the FR Y-6.

Include companies reportable on the Report of Changes in Organizational Structure (FR Y-10) as listed below.

Companies reportable on the FR Y-10 and thus reportable on the FR Y-6:

- (1) Top-tier BHCs;
- (2) BHCs and U.S. banks:
 - (a) In which the BHC directly and/or indirectly owns, controls, or holds with power to vote more than 5 percent of the outstanding shares of any class of voting securities; or
 - (b) That the BHC controls because of its interest in voting securities or otherwise. When a BHC is determining whether it should include a BHC or U.S. bank in the organization chart, it should account for *all* shares it is deemed to control (including, but not limited to: shares held in a fiduciary capacity for the benefit of the BHC's employees, members, shareholders, subsidiaries; shares held in a fiduciary capacity for which the BHC has sole discretionary power to exercise voting rights; and securities that are immediately

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convertible at the option of the holder to voting shares) and the BHC should check to see if any other basis for control exists (such as a management agreement or the power to control the election of a majority of directors). See the FR Y-10 Glossary for definition of “control.”

- (3) Any nonbanking company held under Regulation Y (excluding companies held as merchant banking investments but including certain depository institutions, such as savings associations—see the FR Y-10 Glossary for definition of nonbanking company), any company, including a foreign bank, held under subpart A of Regulation K (for example, Edge corporations, agreement corporations, and investments/activities abroad), and any export trading company held under subpart C of Regulation K:
 - (a) In which the BHC, directly and/or indirectly owns, controls, or holds power to vote 25 percent or more of the outstanding shares of any class of voting securities; or
 - (b) That the reporter controls through means other than ownership of securities (see FR Y-10 Glossary for definition of control);
- (4) A specific merchant banking or insurance company investment made by an affiliate of a Financial Holding Company (FHC) is reportable if the FHC and its affiliates on a combined basis acquire more than 5 percent of the voting shares, assets, or ownership interests of a company engaged in a nonfinancial activity at a cost that exceeds the lesser of 5 percent of the parent FHC’s Tier 1 capital (or total capital for FR Y-9SP filers) or \$200 million;
- (5) Subsidiaries that are direct or indirect holders of any of the above companies within the organization;
- (6) Operating or financial subsidiaries of a nationally chartered bank that is controlled by a BHC;
- (7) Financial or other subsidiaries controlled by a bank that is controlled by a BHC;
- (8) Foreign banking organizations (FBOs) that are not qualifying FBOs (QFBOs); and
- (9) Any entity not mentioned above that is required to file a financial report with the Federal Reserve System.

Additional companies reportable on the FR Y-6:

- (1) In addition, include nonbank companies in which the combined ownership interest held by the reporter, directly and through its subsidiaries, is greater than 5 percent but less than 25 percent of the outstanding shares of any class of voting securities. When a BHC is determining whether it should include a nonbank company in the organization chart, it should account for *all* shares it is deemed to control (including, but not limited to: shares held in a fiduciary capacity for the benefit of the BHC’s employees, members, shareholders, subsidiaries; shares held in a fiduciary capacity for which the BHC has sole discretionary power to exercise voting rights; and securities that are immediately convertible at the option of the holder to voting shares) and the BHC should check to see if any other basis for control exists (such as a management agreement or the power to control the election of a majority of directors). See the definition of “control” in the FR Y-10 Glossary. For nonbank companies in which the combined ownership interest is greater than 5 percent but less than 25 percent, it is not necessary to note the exact percentage ownership, but only that they are not reportable on the FR Y-10. However, merchant banking and insurance company investments should only be reported if reportable on the FR Y-10.

Companies not reportable on the FR Y-6 Organization Chart:

- (1) Assets other than shares of a company, unless the reporter’s interest in the company is a reportable merchant banking investment as described above;
- (2) Companies held directly or indirectly (other than reportable merchant banking investments described above) by a Small Business Investment Company registered with the Small Business Administration;
- (3) Companies that are held solely as collateral securing an extension of credit;
- (4) Companies that are controlled by an insurance underwriter unless such companies are (a) the highest-tier provider of a primary line of business (e.g., property/casualty, accident/health), (b) required to file a financial report with the Federal Reserve System, or (c) a reportable merchant banking investment described above;

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- (5) Investment companies whose only activity is to own assets for the benefit of someone other than the reporter or its affiliates (e.g., a mutual fund or closed end investment company advised by the reporter), and that are not otherwise controlled;
 - (6) Companies that have been set up as namesaving organizations or have been formed or incorporated but do not yet conduct any business activity. These companies become reportable only when they commence an activity. In addition, any company that has become inactive as of the end of the reporting period does not need to be reported on the FR Y-6;
 - (7) Special purpose vehicles formed as vehicles for specific leasing transactions;
 - (8) Companies acquired in satisfaction of a debt previously contracted or that were formed solely to hold shares or other assets acquired in satisfaction of a debt previously contracted; and
 - (9) Companies or other assets that must be divested or conformed in accordance with the BHC Act or the Board's Regulation Y (other than the reportable merchant banking investments described above).
- (b) Country of citizenship (if an individual) or country of incorporation (if a company);
 - (c) Number of shares and percentage of each class of voting securities owned, controlled, or held with power to vote (listing separately options, warrants or other securities or rights), or in the case of a partnership, the proportionate interest.

- (2) List any shareholder not listed in section 3(1) above that owned or controlled 5 percent or more of any class of voting securities in the bank holding company during the fiscal year for which the report is being filed. In addition, list each person or entity that held options, warrants or other securities or rights that could have been converted into or exercised for voting securities, which, in their aggregate, and including voting securities held, would have equalled or exceeded 5 percent of any such class of voting securities. For each shareholder list the following:

- (a) Name and address (city and state/country);
- (b) Country of citizenship (if an individual) or country of incorporation (if a company); and
- (c) Number of shares and percentage of each class of voting securities owned, controlled, or held with power to vote (listing separately options, warrants or other securities or rights), or in the case of a partnership, the proportionate interest.

For trusts that meet the definition of a company contained in Regulation Y (12 CFR 225.2(d)), including employee benefit plans (i.e., ESOPs, profit sharing trusts, etc.) that are bank holding companies, report each trustee or designated individual that has the power to vote those shares held in the employee benefit plan. In addition, describe the provision in the trust for voting the shares controlled by the plan.

Report Item 3: Shareholders

- (1) List each shareholder, of record, that directly or indirectly owns, controls, or holds with power to vote 5 percent or more of any class of voting securities of the bank holding company. In addition, list each person or entity that holds options, warrants or other securities or rights that can be converted into or exercised for voting securities, which, in their aggregate, and including voting securities currently held, would equal or exceed 5 percent of any such class of voting securities. For example, an individual or entity that currently holds 2 percent of a class of voting securities and options that would represent an additional 3 percent of such class of voting securities if exercised should be included in this report item. When the shares of the bank holding company are held by a nominee or in street names, list beneficial owners to the extent information is available. For bank holding companies that are partnerships, list each partner who has a 5 percent or more ownership interest. For each individual or entity listed, provide the following:

- (a) Name and address (city and state/country);

Report Item 4: Directors and Officers

List each principal shareholder, director, trustee, partner, executive officer, or person exercising similar functions, regardless of title or compensation, of the bank holding company, showing the following:

- (1) Name and address (city and state/country);

General and Report Item Instructions

- (2) Principal occupation, if other than with the holding company organization;
- (3) Title or position with:
 - (a) the banking holding company; and
 - (b) all direct and indirect subsidiaries of the bank holding company;
 - (c) any other company in which the person is a director, trustee, partner, or executive officer;
- (4) Percentage of each class of voting securities owned, controlled, or held with power to vote in:
 - (a) the bank holding company;
 - (b) direct and indirect subsidiaries of the bank holding company; and
 - (c) any other company, if 25 percent or more of its outstanding voting securities or proportionate interest in a partnership are held. (List the name of the company and the percentage of voting securities owned, controlled, or held with power to vote.)

For purposes of Report Item 4, the following definitions hold:

A “*principal shareholder*” generally means an individual or a company (other than an insured bank) that directly or indirectly, or acting through or in concert with one or more persons, owns, controls, or has the power to vote more than 10 percent of any class of voting securities of a member bank or company.

An “*executive officer*” of a company or bank generally means a person who participates or has authority to participate (other than in the capacity of a director) in major policy-making functions of the company or bank, whether or not: (1) the officer has an official title, (2) the title designates the officer an assistant, or (3) the officer is serving without salary or other compensation. Trustees and administrative committee members are considered executive officers of an employee benefit plan.

For complete definitions of the above terms, see Federal Reserve Regulation O (12 CFR 215).

Appendix A

FR Y-6 Example Format & Guidance*

* Under the Federal Reserve Board's Regulatory Reports Monitoring Program, required items for non-automated reports should be appropriately completed and contain all of the requested information. If a required item is not appropriately completed, containing all the requested information, the report will be considered to be false. The reporting bank holding company has discretion regarding the format of this report as long as each reporting item is included in the report. This example does not include every situation or relationship that is reportable in the FR Y-6 report. It is solely intended to provide bank holding companies assistance in completing the FR Y-6.

FR Y-6

Example Format & Guidance

SAMPLE

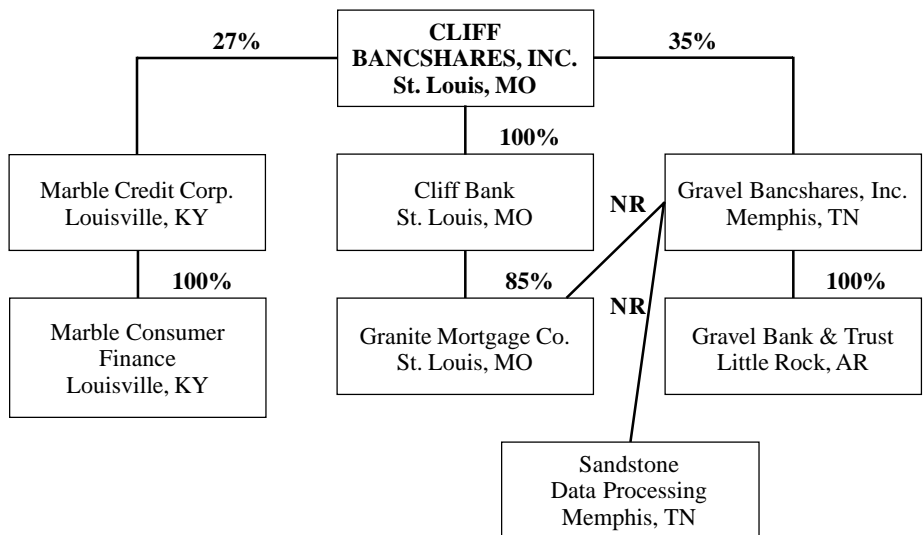
Organization Chart

- 1: Include the full legal name and the city and state (U.S. entities) or the city and country (non-U.S. entities) or the physical location of the principal office.
- 2: Include all entities of which more than 5 percent of any class of voting shares is owned or controlled and all entities regardless of the amount of voting shares owned, that are otherwise controlled by the top-tier BHC, directly or indirectly through subsidiaries.

Form FR Y-6
Cliff Bancshares, Inc.
St. Louis, Missouri
Fiscal Year Ending December 31, 2001

Report Item

- 1: a. The BHC is not required to prepare form 10K with the SEC.
- 1: b. The BHC does prepare an annual report for its shareholders. Enclosed are two copies of the annual report.
- 2: Organization Chart



NR = Ownership percentage not reportable on the FR Y-10

Report Item 3: Shareholders
(1)(a) (1)(b) (1)(c) (2)(a) (2)(b) (2)(c)

Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of 12-31-2001

Shareholders not listed in (3)(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12-31-2001

| (1)(a) Name & Address (City, State, Country) | (1)(b) Country of Citizenship or Incorporation | (1)(c) Number and Percentage of Each Class of Voting Securities | (2)(a) Name & Address (City, State, Country) | (2)(b) Country of Citizenship or Incorporation | (2)(c) Number and Percentage of Each Class of Voting Securities |
|---|--|--|--|--|--|
| James Doe Anywhere, MO | USA | 720 - 27% Common Stock | Jeanine Doe Anywhere, MO | USA | 160 - 6% Common Stock (repurchased) |
| Cindy Doe Anywhere, MO | USA | 666 - 25% Common Stock | ABC Company St. Louis, MO | USA | 100 - 50% Pre- ferred Stock (repurchased) |
| Gregory Doe Anywhere, MO | USA | 293 - 11% Common Stock | XYZ Company St. Louis, MO | USA | 100 - 50% Pre- ferred Stock (repurchased) |
| Taylor Family Trust John Taylor - Trustee St. Louis, MO | USA | 160 - 6% Common Stock | | | |
| Mary Doe Anywhere, MO | USA | 60 - 2% Common Stock 160 - Options on Common Stock | | | |

Example Format and Guidance
SAMPLE

Form FR Y-6
December 31, 2001

Report Item 4: Directors and Officers

(1) (2) (3)(a)(b)(c) and (4)(a)(b)(c)

| (1) Names & Address (City, State, Country) | (2) Principal Occupation if other than with Bank Holding Company | (3)(a) Title & Position with Bank Holding Company | (3)(b) Title & Position with Subsidiaries (include names of subsidiaries) | (3)(c) Title & Position with Other Businesses (include names of other businesses) | (4)(a) Percentage of Voting Shares in Bank Holding Company | (4)(b) Percentage of Voting Shares in Subsidiaries (include names of subsidiaries) | (4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held) |
|---|---|--|--|--|---|---|---|
| James Doe Anywhere, MO | N/A | Director & Chairman | Director & President (Cliff Bank) | N/A | 27% | None | N/A |
| Cindy Doe Anywhere, MO | N/A | Director & President | Director & Vice-President (Cliff Bank) | N/A | 25% | 5% (Cliff Bank) | N/A |
| Gregory Doe Anywhere, MO | N/A | N/A | N/A | N/A | 11%** | None | N/A |
| Mary Doe Anywhere, MO | Manufacturing Widget Corp. | Director | None | President - Widget Corp. Anywhere, MO | 2% | None | Widget Corp. (35%) |
| Jeanine Doe Anywhere, MO | College Administrator | Director & Sec./Treasurer | None | President Anywhere College Anywhere, MO | None | 2% (Cliff Bank) | N/A |

** Note: Although Gregory Doe is not a director or officer of the bank holding company, information must be provided because he is considered a "principal shareholder" of the bank holding company. This definition can be found in the FR Y-6 instructions.