

## SCHEDULE RI-A -- CHANGES IN EQUITY CAPITAL

### General Instructions

On the FFIEC 034, this schedule is to be completed for the report period ending December 31. On the FFIEC 031, 032, and 033, this schedule is to be completed quarterly.

Total equity capital includes perpetual preferred stock, common stock, surplus, undivided profits and capital reserves, net unrealized holding gains (losses) on available-for-sale securities, and accumulated net gains (losses) on cash flow hedges, (and, on the FFIEC 031, cumulative foreign currency translation adjustments). All amounts in Schedule RI-A, other than those reported in items 1, 3, and 13 (items 1, 3, and 14 on the FFIEC 031), should represent net aggregate changes for the calendar year-to-date. Enclose all net decreases and losses (net reductions in equity capital) in parentheses.

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- 1 **Total equity capital originally reported in the December 31, 19xx, Reports of Condition and Income.** Report the bank's total equity capital balance as of the previous calendar year-end as originally reported in the Reports of Condition and Income before the filing of any amended report(s).  
  
For banks opened since January 1 of the current calendar year, report a zero or the word "none" in this item. Report the bank's opening (original) total equity capital in Schedule RI-A, item 5, "Sale, conversion, acquisition, or retirement of capital stock, net."  
  
Do *not* enter the bank's total equity capital ending balance from the Report of Income for the preceding quarter when preparing the June 30, September 30, or December 31 report.
- 2 **Equity capital adjustments from amended Reports of Income, net.** Include the net cumulative effect of all corrections and adjustments made in any amended report(s) on the total equity capital ending balance originally reported in the Reports of Condition and Income for the previous calendar year-end. State the dollar amount of and describe each adjustment included in this item in Schedule RI-E, item 4.  
  
Report a zero or the word "none" in this item if no amended report has been filed for the previous year-end report date.
- 3 **Amended balance end of previous calendar year.** Report the sum of items 1 and 2. If no amended report was filed for the previous calendar year-end reporting period, Schedule RI-A, item 3, must equal Schedule RI-A, item 1.
- 4 **Net income (loss).** Report the net income (loss) for the calendar year-to-date as reported in Schedule RI, item 12, "Net income (loss)."
- 5 **Sale, conversion, acquisition, or retirement of capital stock, net.** Report the changes in the bank's total equity capital resulting from:
  - (1) Sale of the bank's perpetual preferred stock or common stock. Limited-life preferred stock is *not* included in equity capital; any proceeds from the sale of limited-life preferred stock during the calendar year-to-date is *not* to be reported in this schedule.

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**5**    (2) Exercise of stock options, including:  
(cont.)

- (a) Any income tax benefits to the bank resulting from the sale of the bank'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 bank resulting from the exercise (or granting) of nonqualified stock options (on the bank'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).
- (3) Conversion of convertible debt, limited-life preferred stock, or perpetual preferred stock into perpetual preferred or common stock.
- (4) Redemption of perpetual preferred stock or common stock.
- (5) Retirement of perpetual preferred stock or common stock.
- (6) Acquisition (without retirement) and resale or other disposal of the bank's own perpetual preferred stock or common stock, i.e., treasury stock transactions (see the Glossary entry for "treasury stock").
- (7) Capital-related transactions involving the bank's Employee Stock Ownership Plan.

Include in this item:

- (1) The net decrease in equity capital which occurs when cash is distributed in lieu of fractional shares in a stock dividend.
- (2) 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.

For banks opened since January 1 of the year-to-date reporting period, report opening (original) equity capital in this item. Pre-opening income earned and expenses incurred from the bank's inception until the date the bank commenced operations should be reported in the Report of Income using one of the two following methods, consistent with the manner in which the bank reports pre-opening income and expenses for other financial reporting purposes:

- (1) Pre-opening income and expenses for the entire period from the bank's inception until the date the bank commenced operations should be reported in the appropriate items of Schedule RI, Income Statement, each quarter during the calendar year in which operations commenced; or
- (2) Pre-opening income and expenses for the period from the bank's inception until the beginning of the calendar year in which the bank commenced operations should be included, along with the bank's opening (original) equity capital, in this item. The net amount of these pre-opening income and expenses should be identified and described in Schedule RI-E, item 9. Pre-opening income earned and expenses incurred during the

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5 (cont.)      calendar year in which the bank commenced operations should be reported in the appropriate items of Schedule RI, Income Statement, each quarter during the calendar year in which operations commenced.

6      **Changes incident to business combinations, net.** If the bank has entered into a business combination which became effective during the year-to-date reporting period and which has been accounted for as a pooling of interests, report the historical equity capital balances of the bank or other business acquired as of the end of the previous calendar year. For further information of poolings of interests, refer to the Glossary entry for "business combinations."

If the bank purchased another bank or business during the year-to-date reporting period, report the fair value of any perpetual preferred or common shares issued (less the direct cost of issuing the shares). Exclude the fair value of limited-life preferred stock issued in connection with purchase acquisitions. Refer to the Glossary entry for "business combinations" for further information on purchase acquisitions.

If the bank has been acquired in a transaction accounted for using push down accounting, report in this item the initial increase or decrease in equity capital that results from the application of push down accounting, i.e., the difference between the bank's total equity capital as of the end of the previous calendar year and its restated equity capital after the push down adjusting entries have been recorded as of the acquisition date. For further information on push down accounting, refer to the Glossary entry for "business combinations."

7      **LESS: Cash dividends declared on preferred stock.** Report all cash dividends *declared* on limited-life preferred and perpetual preferred stock 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.

Refer to the Glossary entry for "dividends" for further information on cash dividends.

8      **LESS: Cash dividends declared on common stock.** Report all cash dividends *declared* on common stock 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.

For further information on cash dividends, see the Glossary entry for "dividends."

9      **Cumulative effect of changes in accounting principles from prior years.** Report the cumulative effect, net of applicable income taxes, of those changes in accounting principles adopted during the calendar year-to-date reporting period that were applied retroactively and for which prior years' financial statements were restated.

The cumulative effect of a change in accounting principle is the difference between (1) the balance in the undivided profits account at the beginning of the year in which the change is

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**9** made and (2) the balance in the undivided profits account that would have been reported at the beginning of the year had the newly adopted accounting principle been applied in all prior periods.

The cumulative effect, if any, of all other changes in accounting principles adopted during the calendar year-to-date reporting period must be reported in Schedule RI, item 11, "Extraordinary items and other adjustments, net of income taxes."

State the dollar amount of and describe each cumulative effect included in this item in Schedule RI-E, item 5.

Refer to the Glossary entry for "accounting changes" for additional information on how to report the effects of changes in accounting principles.

**10**    **Corrections of material accounting errors from prior years.** Report the sum of all corrections, net of applicable income taxes, resulting from material accounting errors which were made in prior years' Reports of Condition and Income and *not* corrected by the filing of an amended report for the period in which the error was made. Include *only* those corrections which result from:

- (1) Mathematical mistakes.
- (2) Mistakes in applying accounting principles.
- (3) Improper use of information which existed when the prior Reports of Condition and Income were prepared.
- (4) A change from an accounting principle that is neither accepted nor sanctioned by bank supervisors to one that is acceptable to supervisors.

State the dollar amount of and describe each correction included in this item in Schedule RI-E, item 6.

The effect of accounting errors differs from the effect of changes in accounting estimates. Changes in accounting estimates are an inherent part of the accrual accounting process. Report the effect of any changes in accounting estimates in the appropriate line items of Schedule RI, Income Statement. For further information on corrections of errors and changes in estimates, refer to the Glossary entry for "accounting changes."

**11.a**    **Change in net unrealized holding gains (losses) on available-for-sale securities.** Report the change during the calendar year to date in Schedule RC, item 26.b, "Net unrealized holding gains (losses) on available-for-sale securities." If the amount to be reported represents a reduction in the bank's equity capital, enclose it in parentheses.

**11.b**    **Change in accumulated net gains (losses) on cash flow hedges.** Report the change during the calendar year to date in Schedule RC, item 26.c, "Accumulated net gains (losses) on cash flow hedges." If the amount represents a reduction in the bank's equity capital, enclose it in parentheses.

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-            12            **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.

Refer to the Glossary entry for "foreign currency transactions and translation" for further information on accounting for foreign currency translation.

12          13            **Other transactions with parent holding company.** Report the net aggregate amount of transactions with the bank's parent holding company which affect equity capital directly, other than those reported in Schedule RI-A, items 5, 7, and 8 above, such as:

- (1) Capital contributions other than those for stock (report issuances of perpetual preferred and common stock in Schedule RI-A, item 5 above; issuances of limited-life preferred stock are not reported in this schedule).
- (2) Dividends to the holding company in the form of property rather than cash (report cash dividends in Schedule RI-A, items 7 or 8, as appropriate). Record such property dividends at the fair value of the transferred asset. Include any gain or loss recognized on the disposition of the asset in the determination of net income for the calendar year-to-date in Schedule RI, Income Statement. Refer to the Glossary entry for "dividends" for additional information on property dividends.

State the dollar amount of and describe each transaction included in this item in Schedule RI-E, item 7.

13          14            **Total equity capital end of current period.** On the FFIEC 032, 033, and 034, report the sum of items 3 through 12. On the FFIEC 031, report the sum of items 3 through 13. This item must equal Schedule RC, item 28, "Total equity capital."