

## GUIDANCE DOCUMENT

This guidance document is advisory in nature but is binding on an agency until amended by such agency. A guidance document does not include internal procedural documents that only affect the internal operations of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document.

## STATEMENT OF POLICY #7

### CAPITAL COMPUTATION

The Nebraska Department of Banking and Finance ("Department") hereby sets forth Statement of Policy #7 to be used in computing capital at a state-chartered bank.

For purposes of computing capital, "primary capital" is defined as common and perpetual preferred stock; capital surplus; undivided profits; capital reserves; minority interests in consolidated subsidiaries; allowances for possible loan and lease losses; and certain mandatory convertible debt (to the extent of twenty percent (20%) of primary capital exclusive of such debt). "Primary capital" does not include assets classified as loss, deferred tax asset, or intangible assets other than mortgage servicing rights. "Secondary capital" may consist only of subordinated notes and debentures, and limited life preferred stock. It also does not include intangibles. Secondary capital is preferred capital and long term debt.

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