The Depository Trust Company

Condensed Financial Statements
as of September 30, 2018 and December 31, 2017 and for the
three and nine months ended September 30, 2018 and 2017

THE DEPOSITORY TRUST COMPANY

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THE DEPOSITORY TRUST COMPANY

CONDENSED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

(In thousands, except share data)	As of September 30, 2018	As of December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 509,862	$ 444,265
Accounts receivable	33,718	40,429
Participants' Fund cash deposits	1,767,803	1,771,078
Other Participants' assets	1,248,724	864,536
Other current assets	3,622	5,727
Total current assets	3,563,729	3,126,035
NON-CURRENT ASSETS:		
Premises and equipment - net of accumulated depreciation of $132,521 and $131,746 as of September 30, 2018 and December 31, 2017, respectively	17,628	18,173
Intangible assets - net of accumulated amortization of $130,669 and $120,679 as of September 30, 2018 and December 31, 2017, respectively	26,533	25,105
Other non-current assets	51,923	53,680
Total non-current assets	96,084	96,958
TOTAL ASSETS	$ 3,659,813	$ 3,222,993
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 13,602	$ 11,049
Participants' Fund cash deposits	1,767,803	1,771,078
Payable to Participants	1,248,724	864,536
Total current liabilities	3,030,129	2,646,663
OTHER NON-CURRENT LIABILITIES:		
Other non-current liabilities	5,468	17,673
Total liabilities	3,035,597	2,664,336
COMMITMENTS AND CONTINGENCIES (Note 10)		
SHAREHOLDERS' EQUITY		
Preferred stock, Series A, $100 par value - 3,250,000 shares authorized; 1,500,000, issued and outstanding	150,000	150,000
Common stock, $100 par value - 18,500 shares authorized; issued and outstanding	1,850	1,850
Paid-in capital	61,546	61,546
Retained earnings	410,820	345,261
Total shareholders' equity	624,216	558,657
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 3,659,813	$ 3,222,993

The Notes to Condensed Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY

CONDENSED STATEMENTS OF INCOME (UNAUDITED)

(In thousands)	For the three months ended September 30, 2018	For the three months ended September 30, 2017	For the nine months ended September 30, 2018	For the nine months ended September 30, 2017
REVENUES				
Settlement and asset services	$ 102,851	$ 103,504	$ 316,843	$ 308,064
Other services	4,872	1,643	13,439	4,789
Total revenues	107,723	105,147	330,282	312,853
EXPENSES				
Employee compensation and related benefits	45,064	36,515	131,546	114,523
Information technology	9,510	7,735	27,253	23,578
Professional and other services	20,710	25,200	71,303	80,874
Occupancy	3,393	2,482	9,652	7,378
Depreciation and amortization	3,161	3,242	9,552	10,453
General and administrative	2,259	1,252	7,383	5,801
Total expenses	84,097	76,426	256,689	242,607
Total operating income	23,626	28,721	73,593	70,246
NON-OPERATING INCOME (EXPENSE)				
Interest income	13,091	8,171	34,045	18,911
Refunds to Participants	(9,942)	(6,450)	(25,830)	(15,038)
Interest expense	(2,585)	(542)	(7,573)	(6,715)
Other non-operating income	2,266	1,967	6,391	5,899
Total non-operating income	2,830	3,146	7,033	3,057
Income before taxes	26,456	31,867	80,626	73,303
Provision (benefit) for income taxes	(967)	13,122	15,067	30,654
Net income	$ 27,423	$ 18,745	$ 65,559	$ 42,649

The Notes to Condensed Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY

CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

(In thousands)	Preferred Stock Series A	Common Stock	Paid-In Capital	Retained Earnings	Total Shareholders' Equity
BALANCE - January 1, 2017	$ 150,000	$ 1,850	$ 61,546	$ 305,881	$ 519,277
Net income	—	—	—	40,460	40,460
Dividend on preferred stock	—	—	—	(1,080)	(1,080)
BALANCE - December 31, 2017	150,000	1,850	61,546	345,261	558,657
Net income	—	—	—	65,559	65,559
BALANCE - September 30, 2018	$ 150,000	$ 1,850	$ 61,546	$ 410,820	$ 624,216

The Notes to Condensed Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY

CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)	**For the nine months ended September 30, 2018**	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 65,559	$ 42,649
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	9,552	10,453
Deferred income taxes	4,734	3,371
Net change in:		
Accounts receivable	6,711	2,676
Other assets	(872)	708
Accounts payable and accrued expenses	3,634	2,438
Other liabilities	(12,205)	6,010
Participants' Fund liabilities, net	(3,275)	41,029
Payable to Participants	385,517	1,512,447
Net cash provided by/(used in) operating activities	459,355	1,621,781
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Intangible assets	(10,436)	(9,469)
Net cash provided by/(used in) investing activities	(10,436)	(9,469)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividend on preferred stock	(1,080)	(480)
Net cash provided by/(used in) financing activities	(1,080)	(480)
Net increase/(decrease) in Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets	447,839	1,611,832
Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets - Beginning of period	3,075,695	3,087,365
Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets - End of period	$ 3,523,534	$ 4,699,197
SUPPLEMENTAL DISCLOSURE:		
Cash income taxes paid to DTCC - net of refunds	$ 22,201	$ 19,312

The Notes to Condensed Financial Statements are an integral part of these statements.

1. BUSINESS AND OWNERSHIP

The Depository Trust Company (DTC or the Company) is a limited purpose trust company formed under the Banking Law of New York State and supervised by the New York State Department of Financial Services (NYSDFS); a State member bank of the Federal Reserve System (FRS), subject to examination by the Federal Reserve Bank of New York (FRBNY) under delegated authority from the Board of Governors (the FRB) of the FRS; and a clearing agency registered with and under the supervision of the U.S. Securities and Exchange Commission (SEC). DTC provides central securities depository, settlement and related services to members of the securities, banking and other financial industries (collectively referred to as Participants).

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). Other subsidiaries of DTCC include National Securities Clearing Corporation (NSCC), Fixed Income Clearing Corporation (FICC), DTCC ITP LLC (formerly known as Omgeo LLC), DTCC Deriv/SERV LLC, Business Entity Data, B.V. and DTCC Solutions LLC.

DTC is designated as a Systemically Important Financial Market Utility (SIFMU) by the U.S. Financial Stability Oversight Council pursuant to Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which subjects the Company to enhanced standards for operation and governance, as established by the SEC's Standards for Covered Clearing Agencies (CCAS).

2. BASIS OF PRESENTATION AND USE OF ESTIMATES

Basis of presentation. The accompanying Condensed Financial Statements are prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The accompanying interim financial statements have not been audited. These interim financial statements do not include all of the information and notes required by U.S. GAAP for complete financial statements and should be read in conjunction with DTC's Audited Financial Statements for the years ended December 31, 2017 and 2016, which are located on the Company's website at *http://www.dtcc.com/legal/financial-statements*. See Note 2 in DTC's Audited Financial Statements for the years ended December 31, 2017 and 2016, for additional information on the Company's Summary of Significant Accounting Policies.

The Condensed Financial Statements reflect all adjustments of a normal recurring nature that are, in the opinion of management, necessary for the fair presentation of the results for the interim period. The results of operations for interim periods are not necessarily indicative of results for the entire year.

The Company reclassified prior period amounts related to Refunds to Participants and certain components of net periodic pension cost allocated to conform to the current year presentation. See below and Note 3 for additional information.

Use of estimates. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Condensed Financial Statements. Management makes estimates regarding, among other things, the collectability of receivables, the outcome of litigation, the realization of deferred taxes, unrecognized tax benefits, fair value measurements and other matters that affect the reported amounts. Estimates are based on judgment and available information; therefore, actual results could differ materially from those estimates.

Revenue recognition. On January 1, 2018, the Company adopted Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers* under the full retrospective method of adoption. See Note 3 for additional information.

The Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, the Company applies the following steps: identify the contract(s) with the customer, identify the performance obligations in the contract(s), determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation.

The Company enters into contracts that can include various services, in which each service, an explicit promise, is generally distinct and accounted for as separate performance obligations. Certain promised services are substantially the same and have the same pattern of transfer to the customer and therefore are considered as a series of services.

The Company recognizes revenue from contracts with customers as performance obligations are satisfied when promised services are transferred to the customer. The majority of the promised services and related performance obligations are recognized at the point in time when the control of the promised service is transferred to the customer. The amount of revenue recognized reflects the consideration the Company expects to be entitled to for transferring the promised services to the customer. For certain contracts with customers, the consideration in which the Company expects to be entitled to in exchange for transferring promised service to a customer consists of variable consideration. The variable consideration primarily relates to volume based discounts or rebates for certain services, however, the volume targets or thresholds typically reset on a monthly basis therefore, the variable consideration does not have an impact on the revenue recognition.

The Company derives its revenue from transaction fees, subscription and other services. Revenue from transaction fees is recognized at a point in time on the transaction date, as the customer obtains the control and benefit of the service at that point. Subscription revenues are recognized ratably over the performance period of the relevant contract using a time elapsed measure of progress as the customer receives the benefits of the services throughout the term of the contract. Other services, which represents fees generated from offering referential based data and business processing solutions to financial institutions globally, is recognized when services are provided based on contractual terms. The Company typically bills its customers 30 days in arrears.

Revenue streams

Details for each revenue stream presented in the Company's Condensed Statements of Income follow:

S*ettlement and asset services.* The Company provides settlement services for equity, corporate and municipal debt trades and money market instruments in the U.S. The payment and transfer of securities ownership occurs at the Company, which provides custody and asset servicing for securities. Asset services include underwriting, corporate actions processing, securities processing, global tax services and issuer services.

Other services. DTCC Data Services offers referential and activity-based data, delivered in fixed or configurable formats, sourced from the Company's transaction, reference, position and asset servicing data covering major asset classes. Other services include data on announcements.

Accounts receivable and deferred revenue

The period in which the Company recognizes revenue may differ from the timing of payments received from customers. The Company records a receivable when revenue is recognized prior to payment and there is an unconditional right to payment. See Accounts receivable on the Condensed Statements of Financial Condition for the Company's receivables related to revenues from contracts with customers. Alternatively, when payment precedes the provision of the related services, the Company records deferred revenue until the performance obligations are satisfied. Deferred revenue represents the Company's contract liabilities related to billings or payments received in advance for subscription and other services, where the performance obligation has not yet been satisfied.

Impacts to previously reported results

The impact of the new revenue recognition standard on the Company's previously reported results for the three and nine months ended September 30, 2017 follows (in thousands):

	For the three months ended September 30, 2017			For the nine months ended September 30, 2017		
	As Previously Reported	**New Revenue Standard Adjustment**	**As Restated**	**As Previously Reported**	**New Revenue Standard Adjustment**	**As Restated**
Interest income	$ 2,451	$ 5,720	$ 8,171	$ 5,018	$ 13,893	$ 18,911
Refunds to Participants	(730)	(5,720)	(6,450)	(1,145)	(13,893)	(15,038)

Retirement benefits. On January 1, 2018, the Company adopted ASU 2017-07, *Compensation: Retirement Benefits* under the retrospective method of adoption. See Note 3 for additional information.

Impacts to previously reported results

The impact of the new retirement benefits standard on the Company's previously reported results for the three and nine months ended September 30, 2017 follows (in thousands):

	For the three months ended September 30, 2017			For the nine months ended September 30, 2017		
	As Previously Reported	New Retirement Benefits Standard Adjustment	As Restated	As Previously Reported	New Retirement Benefits Standard Adjustment	As Restated
Employee compensation and related benefits	$ 36,787	$ (272)	$ 36,515	$ 115,339	$ (816)	$ 114,523
Interest expense	1,697	(2,239)	(542)	—	(6,715)	(6,715)
Other non-operating income	—	1,967	1,967	—	5,899	5,899

Restricted cash. As a result of the adoption of ASU 2016-18, *Statement of Cash Flows: Restricted Cash* under the full retrospective method of adoption, (see Note 3), the Company has reported the cash and cash equivalents related to Participants' Fund cash deposits and Other Participants' assets within the beginning and ending balances of Cash and cash equivalents, Participants' Fund cash deposits, Other Participants' assets.

A reconciliation of Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets, reported within the Condensed Statements of Financial Condition that sum to the total of the same such amounts shown on the Condensed Statements of Cash Flows as of September 30, 2018 and December 31, 2017 follows (in thousands):

	2018	2017
Cash and cash equivalents	$ 509,862	$ 444,265
Participants' Fund cash deposits	1,767,803	1,771,078
Cash in Other Participants' assets	1,245,869	860,352
Total Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets shown on the Condensed Statement of Cash Flows	$ 3,523,534	$ 3,075,695

As a result of this accounting change, net cash provided by operating activities of approximately $459 million is primarily driven by the change in Participants’ Fund liabilities and Payable to Participants.

Impacts to previously reported results

The impact of the new cash flows standard on the Company's previously reported results as of September 30, 2017 follows (in thousands):

	As Previously Reported	New Restricted Cash Standard	As Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Participants' Fund liabilities, net	$ —	$ 41,029	$ 41,029
Payable to Participants	—	1,512,447	1,512,447
Net cash provided by/(used in) operating activities	68,305	1,553,476	1,621,781

3. ACCOUNTING AND REPORTING DEVELOPMENTS

See Note 3 in DTC's Audited Financial Statements for the years ended December 31, 2017 and 2016, for additional information on the Company's Accounting and Reporting Developments.

Standard	Description	Impact on the financial statements or other significant matters
Financial Accounting Standards Board Standard Issued, but not yet Adopted		
ASU 2018-14 Changes to the Disclosure Requirements for Defined Benefit Plans *Issued August 2018*	• Eliminates requirements for certain disclosures that are no longer considered cost beneficial and requires new ones that the FASB considers pertinent.	• Effective January 1, 2021. • The Company is evaluating the impact on related disclosures in its Condensed Financial Statements.
ASU 2018-15 Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement (CCA) That Is a Service Contract *Issued August 2018*	• Implementation costs incurred by customers in CCA that is a service contract are deferred if they would be capitalized by customers in software licensing arrangements under the internal-use software guidance.	• Effective January 1, 2020. • The Company is evaluating the impact on its Condensed Financial Statements and related disclosures.
ASU 2018-13 Changes to the Disclosure Requirements for Fair Value Measurement *Issued August 2018*	• Entities will no longer be required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy. • Public companies will be required to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. • Modifies certain disclosure requirements for nonpublic entities to make them less burdensome.	• Effective January 1, 2020. • The Company is evaluating the impact on related disclosures in its Condensed Financial Statements.

Standard	Description	Impact on the financial statements or other significant matters
Recently Adopted Accounting Standards		
ASU 2014-09 Revenue Recognition - Revenue from Contracts with Customers *Issued May 2014*	• Requires revenue from contracts with customers to be recognized upon transfer of control of a good or service in the amount of consideration expected to be received. • Changes the accounting for certain contract costs, including whether they may be offset against revenue in the accompanying Condensed Statements of Income, and requires additional disclosures about revenue and contract costs. • May be adopted using a full retrospective approach or a modified, cumulative effect approach wherein the guidance is applied only to existing contracts as of the day of initial application, and to new contracts transacted after that date.	• Adopted January 1, 2018. • The Company adopted the revenue recognition standard under the full retrospective transition method of adoption. • The Company's implementation efforts included the identification of revenue within the scope of the standard and the evaluation of revenue contracts using the practical expedient portfolio approach. • The adoption of the standard did not have a material impact to the recognition and timing of its revenues, but required the Company to change the presentation of Interest Income and Refunds to Participants from a net basis to a gross basis in the accompanying Condensed Statements of Income. See Note 2 for additional information.
ASU 2017-07 Compensation - Retirement Benefits *Issued March 2017*	• Requires the service cost component of net periodic pension and postretirement benefit cost to be reported separately in the Company's Condensed Statements of Income • Requires retrospective application and presentation in the Condensed Statements of Income. • Requires the service cost component in the same line item as other employee compensation costs and presentation of the other components in a different line item from the service cost component.	• Adopted January 1, 2018. • The adoption of the standard did not change the Company's net income, but required the Company to reclassify certain components of net periodic pension cost allocated to the Company (Note 7) from Total operating income to Total non-operating income (expense). The service cost component is presented in Employee compensation and related benefits, the interest cost component is presented in Interest expense, and all other components of net periodic pension cost allocated are presented in Other non-operating income (expense) in the accompanying Condensed Statements of Income. See Note 2 for additional information.

Standard	Description	Impact on the financial statements or other significant matters
Recently Adopted Accounting Standards (continued)		
ASU 2016-18 Statement of Cash Flows - Restricted Cash *Issued November 2016*	• Requires inclusion of restricted cash in the cash and cash equivalents balances in the Condensed Statements of Cash Flows. • Requires additional disclosures to supplement the Condensed Statements of Cash Flows. • Requires retrospective application to all periods presented.	• Adopted April 1, 2018. • The Company adopted the new restricted cash standard under the retrospective method of adoption. • The adoption did not change the Company's Condensed Statements of Financial Condition or Statements of Income; however, it resulted in a presentation change related to the Condensed Statements of Cash Flows by broadening the definition of cash and cash equivalents to include items that are not on the balance sheet's cash line, e.g., Participants' Fund cash deposits and Cash in Other Participants' assets. See Note 2 for additional information.

4. PARTICIPANTS' FUND CASH DEPOSITS

Details for the Participants' Fund cash deposits as of September 30, 2018 and December 31, 2017 follow (in thousands):

	2018	2017
Required cash deposits	$ 1,150,000	$ 1,150,000
Excess cash deposits	617,803	621,078
Total	$ 1,767,803	$ 1,771,078

Participants' Fund cash deposits. Participants' cash deposits to the Participants' Fund may be applied to satisfy obligations of the depositing Participants, as provided in DTC's rules.

5. OTHER PARTICIPANTS' ASSETS AND PAYABLE TO PARTICIPANTS

The Company receives cash and stock dividends, interest, reorganization and redemption proceeds on securities registered in the name of its nominee, Cede and Co., and interest and redemption proceeds on bearer securities, which it distributes to Participants. Balances representing cash dividends, interest, reorganization, redemptions, and cash collateral received of $1,248,724,000 and $864,536,000 as of September 30, 2018 and December 31, 2017, respectively, are included in Other Participants' assets, with a corresponding liability recorded in Payable to Participants, on the accompanying Condensed Statements of Financial Condition.

As of September 30, 2018 and December 31, 2017, Payable to Participants also includes $281,000 and $435,000, respectively, of cash collateral received from Participants representing 130% of short positions. Unclaimed balances are remitted to the appropriate authority when required, pursuant to abandoned property laws.

6. LINES OF CREDIT AND CREDIT RATINGS

Lines of credit. The Company maintains lines of credit to support settlement. Details for the terms of the outstanding lines of credit as of September 30, 2018 and December 31, 2017 follow:

Committed	2018	2017
Amount	$1.9 billion	$1.9 billion
Denomination	USD	USD
No. of Participants/Lenders	33/41	32/41

Uncommitted	2018	2017
Amount	C$150 million (1)	C$150 million (1)
Denomination	CAD	CAD
No. of Participants/Lenders	1/1	1/1

(1) Used to support Canadian settlement.

There were no borrowings under any of these lines of credit as of September 30, 2018 and December 31, 2017.

Details for debt covenants related to the committed line of credit as of September 30, 2018 and December 31, 2017 follow:

	2018	2017
Minimum Net Worth	$150 million	$150 million
Minimum Participants' Fund deposits	$750 million	$750 million

As of September 30, 2018 and December 31, 2017, the Company was in compliance with its debt covenants.

Credit Ratings. The Company is rated by Moody's Investors Service, Inc. (Moody's) and S&P Global Inc. (S&P). Details for senior debt ratings and ratings outlooks for the Company as of September 30, 2018 follow:

Moody's (1)			S&P		
Long-term	**Short-term**	**Outlook**	**Long-term**	**Short-term**	**Outlook**
Aaa	P-1	Stable	AA+	A-1+	Stable

(1) Moody’s categorizes the long-term issuer ratings of the Company as a clearing counterparty rating (CCR) under the agency's Clearing Houses Rating Methodology.

7. PENSION AND POSTRETIREMENT BENEFITS

Eligible DTCC employees participate in DTCC’s trusteed non-contributory defined benefit pension plan, supplemental executive retirement plan and benefit restoration plan, which provide for certain benefits upon retirement. Eligible DTCC employees also participate in DTCC’s life insurance program, which provides for the payment of death benefits to beneficiaries of eligible retired employees and DTCC’s health care program, which provides benefits to eligible retired employees.

Cost allocation. DTCC allocates the cost of these plans to its subsidiaries based primarily upon the estimated proportion of each subsidiary’s salary cost relative to DTCC's total salary cost. The benefit plan costs allocated to DTC were $640,000 and $888,000 for the three months ended September 30, 2018 and 2017, respectively, and $2,456,000 and $2,524,000 for the nine months ended September 30, 2018 and 2017, respectively. These costs are included in Employee compensation and related benefits, Interest expense, and Other non-operating income in the accompanying Condensed Statements of Income.

8. CAPITAL REQUIREMENTS

The capital requirements for DTC is equal to the sum of the general business risk capital requirement and corporate contribution, as described below. The Company must meet the capital requirements by holding liquid net assets funded by equity, as described in rule 17Ad-22(e)(15) of the CCAS and the clearing agency policy on capital requirements.

General Business Risk Capital Requirement. The general business risk capital requirement is determined according to Rule 17Ad-22(e)(15) of the CCAS and DTC's clearing agency policy on capital requirements. The capital requirement is held to cover potential general business losses so that the Company can continue operations and provide services as a going concern if those losses materialize. It is determined based on the Company's general business risk profile and estimated time to execute a recovery or orderly wind-down of critical operations and, at a minimum, is equal to six months of operating expenses.

Corporate Contribution. The Company maintains an amount referred to as the corporate contribution, to be applied to losses of the Company as provided in the clearing agency rules. The amount of the corporate contribution is generally equal to 50% of the Company's general business risk capital requirement.

Details for general business risk capital requirement, corporate contribution and liquid net assets funded by equity for the Company as of September 30, 2018 and December 31, 2017 follow (in thousands):

	2018	2017
General business risk capital requirement	$ 164,282	$ 159,181
Corporate contribution	82,141	79,590
Total requirement	246,423	238,771
Liquid net assets funded by equity	509,862	444,265
Excess/(shortfall)	$ 263,439	$ 205,494

Capital Adequacy. Details for DTC's Capital Adequacy capital ratios as of September 30, 2018 follow:

	DTC	Minimum Capital Ratio(1)	Well Capitalized Ratio(1)
Tier 1 capital ratio	78.40%	6.00%	8.00%
Total capital ratio	78.40%	8.00%	10.00%
Tier 1 leverage ratio	18.80%	4.00%	4.00%

(1) As defined by the regulations issued by the Federal Reserve, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation.

9. SHAREHOLDERS' EQUITY

DTC Series A Non-Cumulative Perpetual Preferred Stock. Under a plan adopted by the Board of Directors, each Participant of DTC is required to own shares of DTC Series A preferred stock. There was $150,000,000 of DTC Series A preferred stock (1,500,000 shares at par value of $100 per share) outstanding as of September 30, 2018 and December 31, 2017. Dividends are accrued based on the weighted average rate of interest paid by the Corporation on required Participants Fund deposit during the dividend period as disclosed in the DTC's rules. The 2017 annual dividend amount of $1,080,000 was approved and declared by the Board of Directors in February 2018, and paid in April 2018, to the holders of DTC Series A Preferred stock during 2017.

10. COMMITMENTS AND CONTINGENCIES

Litigation. The Company is involved in legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such proceedings and litigation is not expected to have a material effect on the accompanying Condensed Statements of Financial Condition, Income or Cash Flows.

11. SUBSEQUENT EVENTS

The Company evaluated events and transactions occurring after September 30, 2018 through October 30, 2018, for potential recognition or disclosure in these accompanying Condensed Financial Statements. No events or transactions occurred during such period that would require recognition or disclosure in these accompanying Condensed Financial Statements.