Instructions for the Preparation of

Reports of Condition

for

Foreign Subsidiaries of U.S. Banking Organizations

FR 2314

revised April 1999

Inquiries regarding these instructions and preparation of the FR 2314 should be addressed to the Federal Reserve Bank of the District in which the organization responsible for submitting the report(s) is domiciled.

Contents

Reports of Condition for Foreign Subsidiaries of U.S. Banking Organizations

FR 2314a and FR 2314b

and

Financial Information for Foreign Subsidiaries of U.S. Banking Organizations

FR 2314c

GENERAL INSTRUCTIONS

Reporting Organization

The FR 2314 reports must be filed by foreign subsidiaries. Regulation K defines foreign or foreign country as one or more foreign nations, and includes the overseas territories, dependencies, and insular possessions of those nations and of the United States, and the Commonwealth of Puerto Rico.

Unless otherwise instructed, a Report of Condition, FR 2314, is to be submitted for any organization, also referred to as a "subsidiary," described below *except* a corporation which itself is organized under Sections 25 or 25A of the Federal Reserve Act:[1]

1. Each organization which is a "subsidiary" as defined by Section 211.2 (v) of Regulation K of the Board of Governors of the Federal Reserve System. See the Definitions section at the end of the instructions for the Regulation K definition of subsidiary.

2. Any other subsidiary in which shares have been acquired under Regulation K where the Board's consent to such acquisitions is conditioned on the furnishing of reports, and all subsidiaries of such organizations.

3. Any organization in which shares have been acquired, directly or indirectly, by a bank holding company under Section 4(c)(13) of the Bank Holding Company Act of 1956, as amended, if such acquisition represents greater than 50 percent of this organization's equity capital or if the Board's consent to the acquisition is conditioned on the furnishing of reports.

4. Any other foreign subsidiary directly or indirectly managed or controlled by, or operated on behalf of, a bank that is a member of the Federal Reserve System, a bank holding company, or any organization required to report under 1 through 3 above through management contracts, trust agreements, or similar instruments.

5. Any domestic subsidiary of an Edge or agreement corporation and any other subsidiaries with U.S. addresses that qualify as reporters under the above criteria.

Reporting Requirements

All subsidiaries identified as "Reporting Organizations" above must submit the FR 2314 annually, as of December 31. However, the specific version of the report filed at year-end depends on the asset size of the respondent at that time, with larger companies providing more information than smaller ones:

1. Subsidiaries with total assets exceeding $250 million file the FR 2314a. This form contains the condition and income statements and all supporting schedules.

2. Subsidiaries with total assets of $50 million to $250 million file the FR 2314b. This form contains only the condition statement, schedule B, and schedule J.

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1 Such Edge or agreement corporations report on the FR 2886b.

Although smaller companies that file the FR 2314b version do not submit all accompanying schedules, they must prepare their reports in a manner consistent with the detailed instructions for relevant schedules. For example, a company with assets of $60 million should refer to the instructions for Schedule C, "Loans and Lease Financing Receivables," when calculating Item 3.(a), "Loans and Leases, Net of Unearned Income" of its balance sheet, even though it is not required to submit that schedule.

Smaller subsidiaries file abbreviated reports:

1. Most subsidiaries with total assets less than $50 million file the Financial Information for Foreign Subsidiaries of U.S. Banking Organizations (FR 2314c). This form requests only four financial items: total assets, total equity capital, net income, and total off-balance-sheet items.

2. Nominee and inactive companies with total assets less than $1 million file the FR 2314c, but are required to report only their name, location, and total assets. This information may be submitted in a transmittal letter to the Reserve Bank. When more than a few companies are covered, the information should be provided in a columnar format and in the sequence stated above.

Inactive companies should report only if the company has engaged in some business activity at one time. Companies, such as namesaver organizations, that have never engaged in any business activity should not report.

A respondent subsidiary that is inactive should enter a "1" in the space provided on the cover sheet of the reporting form. A respondent subsidiary that is active should enter a "2" in the space.

Quarterly Reporting Requirement for Significant Subsidiaries

Subsidiaries are defined as significant if they have total assets of at least $2 billion **or** off-balance-sheet activities (including commitments to purchase foreign currencies and U.S. dollar exchange, all other futures and forwards contracts, option contracts, and the notional value of interest rate swaps, exchange swaps and other swaps) of at least $5 billion, as of the end of a quarter. They are required to report the FR 2314a **quarterly** instead of annually. Such reporting should commence at the end of the quarter in which the subsidiary meets the significance threshold. A significant subsidiary that diminishes in size and no longer meets the threshold should stop reporting quarterly, commencing at the end of the quarter in which the office size drops below the threshold. The Federal Reserve may require other banking organizations to file quarterly if they have significant risk exposures.

Where to Report

Submit two copies of the completed report to the Federal Reserve Bank of the District in which the reporter's *parent U.S. bank or bank holding company is domiciled*. In cases where these institutions are not in the same District, unless the respondent has specific instructions to the contrary, the following rules shall apply:

1. Subsidiaries owned through a U.S. bank should send reports to the Reserve Bank of that parent.

2. Subsidiaries owned directly by a U.S. bank holding company (that is, not through a subsidiary U.S. bank) should send reports to the Reserve Bank of the holding company.

Generally, the Federal Reserve District in which a parent Edge or agreement corporation resides is not considered in determining where to report.

In accordance with a request from the Office of the Comptroller of the Currency (OCC), organizations that are controlled by national banks should furnish a copy of the report directly to the Office of the Comptroller of the Currency, 250 E Street, SW, Washington, DC 20219, attn: Multinational and Regional Bank Analysis. Additional blank copies of the report may be obtained from the local Federal Reserve Bank.

Due Date

All organizations (regardless of size) should submit the FR 2314 reports to the Federal Reserve Bank in the District in which the U.S. parent organization is located, no later than 45 calendar days after the report date.

Reporting Basis

Except as provided below, the report should consolidate only the head office and any branches, wherever located, of the reporting organization. Multiple subsidiaries will not normally be consolidated in a single report. Equity investments representing more than 20 percent ownership should be reflected using the equity method of accounting.

With prior permission from the local Federal Reserve Bank, respondents may submit reports that consolidate multiple subsidiaries, if submitting such reports would materially reduce reporting burden and would satisfy *each* of these conditions:

1 The consolidated report includes only subsidiaries that are *both* (a) located in the same country and (b) principally engaged in the same or a similar "line of business," as defined below.

2 The consolidated report includes only companies that are linked to each other through a majority ownership interest. For example, two banking subsidiaries in the same country could not be combined in a consolidated report unless one of the subsidiaries owned a majority of the shares of the other. Merely sharing the same parent would not suffice.

Companies that are within any one of these activity categories will normally meet the "line of business" requirement stated in 1(b) above:

- commercial banks, commercial finance companies, factoring companies, consumer finance companies, leasing companies, and mortgage banks;
- investment or merchant banks, securities brokers or dealers and securities underwriters;
- insurance agencies or brokerage companies, and insurance underwriters; and
- warehouse operators.

Exceptions: Companies that provide services such as data processing; investment, economic, or management consulting; management of mutual funds or trust accounts; or that engage in other service activities not specifically listed are not required to meet this activity test and may be consolidated with their parent organizations, provided they meet the location and ownership tests.

Respondents that submit consolidated reports must list the names of all consolidated companies on the first page of the report form. In addition, when filing on a consolidated basis for the first time, respondents must identify all companies included in those reports in their transmittal letters to the Federal Reserve. They also must agree to provide separate reports for any consolidated company if the information is later needed by the Federal Reserve.

Report balance sheet figures on the basis of accrual accounting. The preferred method for reporting purchases and sales of assets is as of the trade date. However, settlement date accounting is acceptable if the reported amounts are not materially different.

Foreign Currency Reporting

Report all items in thousands of U.S. dollars. Assets or liabilities payable in other currencies should be converted into dollars at the exchange rates prevailing on the report date, except where required otherwise by Generally Accepted Accounting Principles.

Clarity, Completeness, and Amounts Reported

Clearly and distinctly type the reports, and make sure that each copy is clearly legible and conforms with the printed lines on the form. Computer printouts are acceptable, provided they are identical in format and detail to the reporting form, including all item and column captions.

Round all amounts to the nearest thousand dollars, with the total asset figure based on unrounded numbers, then rounded. Do not amend item captions in the report in any way. Do not include additional items. Enter an amount or the word "none" for every item on the report. Unless expressly stated otherwise, all amounts should be positive. Negative amounts that are permitted should be enclosed in parentheses.

Amended Reports

If a report submitted is found to contain substantive errors, the submitting institution may be required to file an amended report.

Additional Forms

Copies of the FR 2314 form can be obtained from the Federal Reserve Bank in the District in which the U.S. parent organization is located.

Definitions

For the purpose of completing this report, a list of terms is furnished at the end of the instructions.

Confidentiality

The Federal Reserve System regards the information provided by each respondent as confidential. If it should be determined subsequently that any information collected on this form must be released for individual reporters, respondents will be notified.

Declarations and Signatures

The declaration on the front page of the reporting form must be signed by an officer at the foreign subsidiary or at the U.S. parent organization who is authorized to make such declarations for that organization.

DETAILED INSTRUCTIONS

Some items on the balance sheet are also reported on supporting schedules. Detailed instructions of those items are found in those schedules. The content of items on the balance sheet should be identical to the content of the same items on the supporting schedules even though submission of the schedules may not be required. See the General Instructions to determine whether the supporting schedules are required.

This report and accompanying instructions have been designed to conform with the form and instructions to the Consolidated Reports of Condition and Income (FFIEC 031) that U.S. banks prepare quarterly and submit to their U.S. regulatory agencies. Unless expressly stated otherwise, the definitions and procedures used to determine individual items in this report should conform with those used to prepare the bank reports. In some instances, where an FR 2314 item is identical to an item reported on the FFIEC 031, only a reference to the corresponding item(s) in the FFIEC 031 instructions is contained in brackets [ ].

Note: include all transactions with related organizations (for example, loans, borrowings, deposits) in Items 9 and 17 of the balance sheet and in Schedules E, H, and L, and exclude from all other items on the report.

Assets

Exclude from items 1 through 8 any claims on related organizations; report such claims in Item 9.

Items 1(a) and (b), Cash and Balances Due from Depository Institutions. Report the amount of currency and coin, cash items in process of collection, unposted debits, and balances with depository institutions and central banks, divided between non-interest-bearing and interest-bearing balances. Refer to the instructions for Schedule A for a more detailed description of these assets. The sum of Items 1(a) and 1(b) must equal Schedule A, Item 5.

Items 2 (a) and (b), Securities. Enter the amounts from Schedule B, item 4, Column A and Column D respectively, "Total."

Item 3, Loans and Lease Financing Receivables. Report in this item all loans, including real estate loans, commercial and industrial loans, loans to individuals, and loans to non-U.S. governments and official institutions. Refer to the detailed instructions for Schedule C.

Item 3(a), Loans and Leases, Net of Unearned Income. Enter the amount from Schedule C, Item 10.

Item 3(b), Allowance for Loan and Lease Losses. Report the amount of allowance for possible losses on loans and leases. This amount is determined as of the end of each reporting period when the management of an accrual-basis organization evaluates the collectibility of the portfolio of loans and lease financing receivables. A debit or credit to the "Provision for Loan and Lease Losses" (provision) is used to bring the "Allowance for Loan and Lease Losses" (allowance) to a level adequate to absorb anticipated losses. Any recoveries during the reporting period should be credited to the allowance, and any charge-offs should be charged to the allowance. Under no circumstances can loan and lease losses be charged directly to "Undivided Profits and Capital Reserves."

The Allowance for Loan and Lease Losses must never have a debit balance. If losses charged off exceed the amount of the allowance, a provision sufficient to restore the allowance to an adequate level must be charged to expense on the income statement immediately. An organization shall not increase the allowance account by transferring an amount from undivided profits or any segregation thereof to the allowance.

The amount of the loss to be recognized on a loan or lease includes the difference between the current fair value of the assets received in a foreclosure or similar settlement and the carrying value of the loan or lease on the balance sheet. Charge such a loss to the allowance at the time of foreclosure or repossession. If an asset is sold shortly after it was received in a foreclosure or repossession, the value received in the sale shall be substituted for the fair value estimated at the time of foreclosure or repossession and adjustments made to the loss charged against the allowance.

If an asset received in a foreclosure or repossession is held for more than a short period of time, any additional losses in value and any gain or loss from the sale or disposition of the asset is not to be reported as a loan or lease loss or recovery and shall not be debited or credited to the "Allowance for Loan and Lease Losses." Report such additional declines in value and the gain or loss from the sale or disposition net on Schedule J, Item 5(a)(6), "Other Noninterest Income," or Item 7(a)(3), "Other Noninterest Expense," as appropriate.

To the extent that the bad debt deduction for tax purposes in any year is greater than or less than the "Provision for Loan and Lease Losses" for that year, the difference is referred to as a timing difference. The tax effect of such a timing difference shall be accounted for and reported as a deferred income tax credit or debit component of Schedule J, Item 9, "Applicable Income Taxes," and also flows through to the net deferred income tax account which is reported on the balance sheet, Item 15, "Other Liabilities," if a credit balance, or in Item 7, "Other Assets," if a debit balance. Any difference between the balance of Assets, Item 3.b, "Allowance for Loan and Lease Losses," and the balance of the reserve for bad debt for tax purposes can be eliminated *only* through subsequent differences between the tax bad debt deduction and Schedule J, Item 4, "Provision for Loan and Lease Losses" (that is, a reversal of the timing difference). For example, an income statement provision that exceeds the bad debt deduction (to be taken for tax purposes for the same year) by the excess of the balance of the allowance as of the beginning of the year, will give rise to an income tax effect that eliminates the deferred income taxes associated with the aggregate timing differences from previous years.

Item 3(c), Loans and Leases, Net of Unearned Income and Allowance for Losses. Subtract 3(b) from 3(a).

Item 4, Trading Assets. Report the value of all assets held in the bank's trading accounts. Report all assets held in trading accounts consistently at market value (or, if appropriate, at the lower of cost or market.) Such assets are generally held for only a short period of time. Short sales of securities or other assets and futures or other types of forward transactions involving assets held in a trading account are *not* to be reflected in the trading account nor netted against trading account positions. Report these short positions in Item 14, "Trading Liabilities." Assets held in trading accounts also include the amount of revaluation gains (that is, assets) from the "marking to market" of interest rate, foreign exchange rate, and other off-balance-sheet commodity and equity contracts held for trading purposes. Refer to the instructions for Schedule K and the FFIEC 031 instructions and glossary for further information.

Item 5, Premises and Fixed Assets (Including Capitalized Leases). Report the book value, less accumulated depreciation or amortization, of all premises, equipment, furniture, and fixtures purchased directly or acquired by means of a capital lease. Refer to the FFIEC 031 instructions for further information.

Item 6, Customers' Liability on Acceptances Outstanding. Enter the full amount (with the exceptions noted below) of the customers' liability to the reporting organization on drafts and bills of exchange which have been accepted by the reporting organization or by others for its account and which are outstanding.

Reduce the amount of customers' liability to the reporting organization on its acceptances that have not yet matured *only* when: (1) the customer anticipates its liability to the reporting organization on an outstanding acceptance by making a payment to the organization in advance of the acceptance's maturity that immediately reduces the customer's indebtedness to the organization on such an acceptance and (2) the reporting organization acquires and holds its own acceptance. See the definition of acceptances in the Definitions section.

Item 7, Other Assets. Enter the total carrying value of assets (gross book value) that cannot be properly included in any of the preceding items. Include customers' liability on deferred payment letters of credit, furniture and equipment rented to others under operating leases (net of depreciation), accounts receivable, income earned or accrued but not collected, prepaid expenses, original art objects, margin accounts, gold, balances with closed, inactive or liquidating institutions, and deferred tax debit balance. Also include other real estate owned, which is not reported in Item 5 above. For organizations submitting Schedule D, the amount reported in Item 4 of that schedule must equal Item 7. Report negative amounts, such as a credit balance for deferred income taxes, in Item 15, "Other Liabilities."

Item 8, Claims on Nonrelated Organizations. Enter the sum of Items 1 through 7 above.

Items 9(a) and (b), Claims on Related Organizations. Include all equity investments and credit extensions to organizations that are majority owned, directly or indirectly, by the U.S. parent bank, bank holding company, or Edge or agreement corporation. See the definition of related organizations in the Definitions section. Include all equity investments in such organizations in Item 9(a), net of any valuation reserves. Include all other claims on related organizations, including any subordinated debt, in Item 9(b).

Item 10, Total Assets. Enter the sum of Items 8 through 9(b) above.

Liabilities

Exclude from Items 11 through 16 any claims on related organizations, and report them in Item 17.

Item 11, Deposits. For a general definition of deposits, see the instructions for Schedule F. Include:

- those liabilities readily identifiable as deposits by name and definition
- all liabilities identical to those described for Schedule F but that have different names in foreign countries
- liabilities that, owing to law, custom, or banking practice in foreign countries, have characteristics analogous to those defined for Schedule F
- every other liability that is treated as a deposit by the laws, custom, or banking practice of the country in which the liability is booked.

Report any nondeposit borrowing as a borrowing in balance sheet, Item 12, "Other borrowed money," or in other liability items, as appropriate.

If it is unclear whether a liability is a deposit or borrowing, report the liability as a deposit.

Report all reciprocal balances (operating balances, bank placements, and other interbank deposits) on a gross basis.

Item 11(a), Total Non-interest-bearing Deposits. Report the amount of all non-interest-bearing deposits, as described in the instructions for Schedule F. Include matured time deposits that are not automatically renewable (unless the deposit agreement provides for the funds to be transferred at maturity to another type of account) and deposits with zero percent stated interest rate that are issued at face value.

Item 11(b), Total Interest-bearing Deposits. Report the amount of all interest-bearing deposits described in Schedule F. Interest-bearing deposits consist of deposit accounts on which the issuing depository institution pays compensation to the holder for the use of the funds. Such compensation may be in the form of cash, merchandise, or property or as a credit to an account. Deposits with a zero percent interest rate that are issued on a discount basis are to be treated as interest-bearing.

Item 12, Other Borrowed Money. Report the total amount borrowed by the reporting organization on its promissory notes, on notes and bills rediscounted, on loans or other assets sold with recourse or with the reporting organization's endorsement or guarantee, on due bills, or on any other obligation for the purpose of borrowing money. Include all securities sold under repurchase agreements, unless they are legally defined as deposits in the country where the liability is booked, and any indebtedness arising from mortgages, liens, or capitalized lease property. Include overdrafts of your organization with depository institutions.

Item 13, Subsidiary's Liability on Acceptances Executed and Outstanding. Report the full amount of unmatured drafts and bills of exchange that have been accepted by the reporting institution or by other institutions for its account and that are outstanding. However, exclude acceptances acquired by the reporter through purchase or discount and held as of the report date; report them as loans in Item 3, "Loans and lease financing receivables," and include them in Schedule C. Report liabilities for letters of credit issued for money or its equivalent as deposits. Participation of acceptances does not reduce the accepting institution's obligation to honor the full amount of the acceptance. See the definition of acceptances in the Definitions section.

Item 14, Trading Liabilities. Report the amount of liabilities from the reporting organization's trading activities with non-related organizations. Include liabilities resulting from sales of assets that the reporting organization does not own and revaluation losses from the "marking to market" (or the "lower of cost or market") of interest rate, foreign exchange rate, and other off-balance-sheet commodity and equity contracts into which the reporting organization has entered for trading, dealer, customer accommodation, and similar purposes. Refer to the FFIEC 031 instructions for further information.

Item 15, Other Liabilities. Enter the total of any liability to nonrelated organizations that cannot be properly reported against Items 11 through 14 above. Include the amount of accrued and unpaid expenses, net deferred income taxes, dividends declared but not yet payable, any liability for deferred payment letters of credit, deferred gains on financial contracts, unamortized loan fees (except those that are yield-related), and other liabilities not properly reported above. Include amounts that are negative (for example, a debit balance in deferred taxes) in Item 7, "Other assets." This item must equal Schedule G, Item 3.

Item 16, Liabilities to Nonrelated Organizations. Enter the sum of Items 11(a) through 15.

Item 17, Liabilities to Related Organizations. Report the amounts of all liabilities to related organizations. See the definition of related organizations in the Definitions section.

Item 18, Equity Capital. Equity capital represents the sum of capital stock, surplus, undivided profits, and various reserve accounts. Reporting organizations that are not corporate in form (that is, those that do not have capital structures made up of capital stock and the other subheadings for Item 18 or their equivalents) may report their entire net worth in Item 18(f), "Total Equity Capital." Other reporting organizations should follow the instructions below.

Item 18(a), Stock. Enter the total par value of the capital stock, both common and preferred, or its equivalent of the reporting organization which is issued and outstanding.

Item 18(b), Surplus. Enter the net amount formally transferred to, or paid into, the surplus account or its equivalent, plus any amount received for preferred or common stock in excess of its par value on or before the date of the report.

Item 18(c), Undivided profits and capital reserves. Enter the total amount of the reporting organization's undivided profits after transfers of net income, dividend distributions, transfers to surplus, and any other appropriate reductions. Include any reserves for contingencies and other capital reserves, such as reserves for undeclared dividends or dividends payable in capital stock, for retirement of preferred capital notes, or debentures, any reserve for securities created by appropriation of undivided profits, and any reserve for contingencies. This last item represents amounts set aside for possible unforeseen or indeterminate liabilities not otherwise reflected on the organization's books and not covered by insurance, including amounts reserved for possible losses resulting from lawsuits, possible default on obligations on which the reporting organization is contingently liable, or other potential claims against the organization. A reserve for contingencies should exclude any element of known loss or losses, the amount of which can be estimated with reasonable accuracy.

Item 18(d), Net unrealized holding gains (losses) on available-for-sale securities. Enter the difference between the amortized cost and the fair value of the reporting bank's available-for-sale debt and equity securities as of the report date, net of tax effects in accordance with Financial Accounting Standards Board (FASB) 115. If the subsidiary has unrealized depreciation, enclose the amount in parentheses to ensure that it is deducted from equity capital. Also include the effective portion of the accumulated change in the fair value (gain or loss) on derivatives designated and qualifying as cash flow hedges in accordance with FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*. Refer to the FFIEC 031 instructions for further information.

Item 18(e), Cumulative foreign currency translation adjustments. Enter the sum of the foreign subsidiary's foreign currency translation adjustments accumulated in accordance with FASB 52. Report a net debit balance in parentheses.

Item 18(f), Total equity capital. Enter the sum of Items 18(a) through 18(e).

Item 19, Total Liabilities and Equity Capital. Enter the sum of Items 16, 17, and 18(f).

Off-Balance-Sheet Items

Include transactions with related organizations. [included in Schedule RC-L, Item 11 and column B of Items 14.a and 14.b]

Item 20, Commitments to Purchase Foreign Currencies and U.S. Dollar Exchange (Spot, Forward and Futures). Report the gross amount (stated in U.S. dollars) of all commitments and contracts that are outstanding on the report date to purchase foreign currencies and U.S. dollar exchange, through futures contracts and for spot and forward delivery. (A purchase of U.S. dollar exchange is equivalent to a sale of foreign currency.)

Item 21, All Other Futures and Forward Contracts (Excluding Contracts Involving Foreign Exchange). [included in Schedule RC-L, columns A, C, and D of Items 14.a and 14.b]

Item 22, Option Contracts. [included in Schedule RC-L, columns A, B, C, and D of Items 14.c(1), 14.c(2), 14.d(1), and 14.d(2)]

Item 22.a Written Option Contracts. [included in Schedule RC-L, columns A, B, C, and D of Items 14.c(1) and 14.d(1)].

Item 22.b, Purchased Option Contracts. [included in Schedule RC-L, columns A, B, C, and D of Items 14.c(2) and 14.d(2)].

Item 23, Financial Standby Letters of Credit and Foreign Office Guarantees. [included in Schedule RC-L, Item 2]

Item 24, Performance Standby Letters of Credit and Foreign Office Guarantees. [included in Schedule RC-L, Item 3]

Item 25, Commercial and Similar Letters of Credit. [included in Schedule RC-L, Item 4]

Item 26, Notional Value of All Interest Rate Swaps. [included in Schedule RC-L, column A of Item 14.e]

Item 27, Notional Value of Exchange Swaps (e.g., Cross Currency Swaps). [included in Schedule RC-L, column B of Item 14.e]

Item 28, Notional Value of Other Swaps. [included in Schedule RC-L, columns C and D of Item 14.e]

Item 29, Unused Commitments on Securities Underwriting. [included in Schedule RC-L, Item 1.d]

Item 30, Unused Commitments on Loans and All Other Lines of Credit. Include the amount outstanding of securitized extensions of credit to individuals for household, family, and other personal expenditures arising from bank credit cards and related plans. [included in Schedule RC-L, Item 1, excluding securities underwriting (1.d.) which is included in Item 29 above]

Item 31, All Other Off-Balance-Sheet Liabilities. Report the total of all items for which the reporting organization is contingently liable and which cannot be properly reported in Items 20 through 30.

Schedule A: Cash and Balances Due from Depository Institutions (Excluding Claims on Related Organizations and Assets Held in Trading Accounts)

Item 1, Cash items in process of collection, unposted debits, and currency and coin. Report cash, cash items in the process of collection, and unposted debits.

Cash is the total of all currency and coin owned and held by all offices of the reporting organization and local currency and coin in transit to or from the central bank, its equivalent in the country in which the reporting organization is domiciled or from any depository institution for which the reporting bank's account has already been charged.

Include in cash items in the process of collection:

- checks in the process of collection, drawn on banking institutions,[2] and payable immediately upon presentation, including checks already forwarded for collection and checks on hand which will be presented for payment or forwarded for collection on the following business day in the country where the reporting office that is clearing or collecting the check or draft is located
- checks or warrants that are drawn on the government (federal government equivalent) of the country in which the reporting organization is domiciled and that are in the process of collection
- such other items in process of collection, payable immediately upon presentation, as are customarily cleared or collected as cash items
- checks that are drawn on an organization (or offices or branches of the reporting organization) and that have been forwarded for collection to other offices or branches of the reporter

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2 Institutions that, by law or accepted practice in the country in which domiciled, accept deposits as a significant part of their business

- amounts credited to deposit accounts in connection with automatic payment arrangements where such credits are made one business day prior to the payment date to ensure the availability of funds on the payment date
- commodity or bill-of-lading drafts payable immediately upon presentation in the country in which the reporting organization that is handling the drafts is domiciled.

Unposted debits are cash items in the reporting organization's possession drawn on itself that are chargeable, but have not yet been charged, against deposit liabilities on the General Ledger at the close of business on a given day. These items should be reported until they have been charged to either the individual or General Ledger deposit accounts. Where allowed by statute or written agreement, items payable at or through the reporting organization may, at the discretion of the reporter, be immediately charged against the deposits of the drawer. Such items may be regarded as drawn on the reporting organization and reported as unposted debits when they have been paid or credited but have not yet been charged against deposit liabilities at the close of business on a given date.

Exclude from cash items in the process of collection:

- cash items for which the reporting organization has already received credit provided that the funds on deposit are subject to immediate withdrawal (include in Items 2, 3, or 4 below)
- items handled as noncash collections not payable immediately on presentation (report in Assets, Item 7, "Other Assets")
- commodity or bill-of-lading drafts payable upon arrival of goods against which the draft was drawn, whether or not deposit credit has been given to a customer. (If deposit credit has been given, report such drafts as loans in the appropriate item of Schedule C; if the drafts were received on a collection basis, exclude them entirely until the funds have actually been collected.)

Item 2, Balances Due from Depository Institutions in the U.S. (Including Their IBFs). Report demand, savings, and time balances on deposit with offices of commercial banks, industrial banks, stock savings banks, private banks, Edge and agreement corporations, mutual savings banks, savings and loan associations, and any other depository institutions domiciled in the fifty states of the United States, the District of Columbia, Puerto Rico, and U.S. territories and possessions. Include deposits with U.S.-chartered bank subsidiaries and U.S. branches and agencies of foreign banks and foreign official banking institutions in the United States. Report all such balances *gross* of any reciprocal balances.

Item 3, Balances Due from Banks in Foreign Countries. Report in item 3(a) all balances on deposit with non-U.S. branches of U.S. banks; exclude balances with non-U.S. subsidiaries of U.S. banks and report in Item 3(b). Also exclude balances with branches of non-U.S. banks that are domiciled in the United States and report in Item 2. Report all such balances *gross* of any reciprocal balances. Report in item 3(b) all balances on deposit with non-U.S. commercial banks, savings banks, discount houses, and similar non-U.S. domiciled institutions that accept deposits. Include balances with non-U.S. subsidiaries of U.S. banks. Report balances with non-U.S. branches of U.S. banks in item 3(a).

Item 4, Balances Due from Foreign Central Banks. Report all balances with central banks.

Item 5, Total. Enter the sum of Items 1 through 4 above. This amount must equal the sum of the amounts reported in Items 1(a) and 1(b) on the balance sheet.

Schedule B: Securities

The Financial Accounting Standards Board issued Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities (FASB 115)," in

May 1993. For reporting purposes, all foreign subsidiaries of U.S. banking organizations should have adopted this accounting standard as of January 1, 1994, or the beginning of their first fiscal year thereafter, if later.

FASB 115 requires depository institutions to divide their securities holdings among three categories: held-to-maturity, available-for-sale, and trading securities. This accounting standard provides a different accounting treatment for each category. The held-to-maturity category supplants the current held-for-investment category, but the accounting basis remains the same. Under FASB 115, only those debt securities for which an institution has the positive intent and ability to hold to maturity may be included in the held-to-maturity account, and the institution would continue to account for these debt securities at amortized cost.

Securities in the available-for-sale category under FASB 115 are those securities for which an institution does not have the positive intent and ability to hold to maturity, yet does not intend to trade as part of its trading account. Report available-for-sale securities at fair value, and report unrealized holding gains (losses) on these securities, net of the applicable tax effect, as a separate component of equity capital.

Trading securities are debt and equity securities that an institution buys and holds principally for the purpose of selling in the near term. Continue to report trading securities at fair value (generally, market value), and report unrealized changes in value (appreciation and depreciation) directly in the income statement as a part of earnings.

This schedule has four columns for information on securities: two columns for held-to-maturity securities and two columns for available-for-sale securities. Report the amortized cost and the current fair value of held-to-maturity securities in columns A and B, respectively. Report the amortized cost and current fair value of available-for-sale securities in columns C and D, respectively. Report information on equity securities in the columns for available-for-sale securities only (columns C and D). For equity securities with readily determinable fair values, report historical cost (not amortized cost) in column C and fair value in column D. For equity securities that do not have readily determinable fair values, historical cost is reported in both columns C and D. Report the unrealized appreciation or depreciation in the bank's available-for-sale debt and equity securities as of the report date, net of tax effect, in balance sheet Item 18(d), "Net unrealized holding gains (losses) on available-for-sale securities."

The preferred method for reporting purchases and sales of assets is as of the trade date. However, settlement date accounting is acceptable if the reported amounts are not materially different.

Exclude all securities held in trading accounts, and report them in Assets, Item 4.

Item 1, Securities of all governments and official institutions. Include the value of U.S. government obligations, direct and guaranteed, and the value of the direct obligations of any entity other than the U.S. government, either foreign or U.S., that has the power to levy taxes or is otherwise considered to be a public borrower or "official institution."

Item 2, Other debt securities. Include the value of all other debt securities.

Item 3, Equity interest in nonrelated organizations. Include the total value of all equity investments other than those in related organizations. Report equity investments that represent 20 percent to 50 percent of the voting shares of an organization using the equity method of accounting. Include securities that have been sold under repurchase agreements since, for purposes of this report, these securities are treated as collateral for financial transactions and not as sales. Report the transactions arising from security RPs as liabilities in Item 12, "Other borrowed money," on the balance sheet. Similarly, exclude securities that have been purchased under resale agreements, and report them in balance sheet Item 3, "Loans and lease financing receivables."

Item 4, Total. Enter the sum of items 1 through 3. The total of column A must equal Assets, Item 2.a; the total of column D must equal Assets, Item 2.b.

Schedule C: Loans and Lease Financing Receivables (Excluding Claims on Related Organizations).

Report in this schedule the aggregate book value of all loans and leases to nonrelated organizations before deduction of any allowances for losses. Deduct the allowance for losses under Assets, Item 3(b), "Allowance for loan and lease losses," on the balance sheet. Report Item 10, "Loans and Leases," net of unearned income. To the extent possible, the preferred treatment is to report each specific loan category net of unearned income. However, if the amounts entered in Items 1 through 8 include any unearned income, report in Item 9, of this schedule, the total of such unearned income included in the reported loan categories. Exclude all loans and leases held in trading accounts.

Loans and leases are extensions of credit resulting either from direct negotiation between lender and borrower or from the purchase of such assets from other lenders. Include extensions of credit in the form of promissory notes, acknowledgements of advance, due bills, and similar obligations (written or oral), as well as marketable instruments, such as commercial paper, bankers acceptances, and security resale agreements.

For purposes of this report, classify both "ordinary" (unplanned) and "planned" overdrafts as loans in this schedule. "Ordinary" overdrafts refer to advances of credit that result when the reporting organization honors checks drawn against deposit accounts with inadequate balances, and the reporting organization has not contractually agreed in advance to honor these checks. Classify such overdrafts in Item 6, "All Other Loans," except when the reporting organization's customer is a domestic commercial bank or non-U.S. bank. In that case, classify ordinary overdrafts in Item 2. Classify "planned" overdrafts, which are overdrafts to deposit accounts contractually agreed to in advance, according to the organization's customer in the appropriate items of Schedule C.

Classify all loans according to security, borrower, or purpose. Loans covering two or more classifications are sometimes difficult to classify; in such instances, classify the entire loan according to the major criterion. All assets classified in Schedule C should remain on the books of the reporting organization until sold or actually written off, even if on the report date they are past due and collection is doubtful. *Include*:

- acceptances of banks or other banking corporations and commercial paper purchased in the open market
- acceptances executed by, or for the account of, the reporting organization and subsequently acquired by it through purchase or discount
- customers liability to the reporting organization on drafts paid under letters of credit for which the organization has not been reimbursed
- "advances" and commodity or bill-of-lading drafts payable upon arrival of goods against which drawn, for which the reporting organization has given deposit credit to customers
- paper pledged whether for collateral to secure bills payable, such as marginal collateral to secure bills rediscounted, or for any other purpose
- sales of immediately available funds with a maturity of one day and sales of such funds for more than one day.

Exclude:

- contracts of sale or other loans indirectly representing organization premises or other real estate; report in Assets, Item 5, "Premises and fixed assets," or Item 7, "Other assets," on the balance sheet

- undisbursed loan funds, sometimes referred to as incomplete loans, unless the borrowers are liable to pay interest thereon. However, if interest is being paid on the undisbursed proceeds, include the amounts of such undisbursed funds in both loans and deposits. Exclude loan commitments that have not yet been taken down, even if fees have been paid.

Item 1, Loans Secured by Real Estate. Report all loans, whatever the purpose, secured by real estate as evidenced by mortgages, deeds of trust, land contracts, or other instruments, whether first or junior liens (for example, equity loans and second mortgages), on real estate. Exclude all loans indirectly representing real estate actually owned by the reporting organization (such as, properties taken over by the reporting organization), and include in Assets, Item 7, "Other Assets," on the balance sheet.

If the reporting organization has issued certificates of participation in a pool of residential mortgages it holds *and* retains significant risk of ownership, report such transactions as financing transactions (that is, as borrowings). In these cases, continue to report the underlying mortgage loans in this item and report the proceeds of the sale of the certificates of participation in Item 12, "Other Borrowed Money," on the balance sheet. However, if the reporting organization does not retain significant risk of ownership, report such transactions as a sale of the underlying mortgages. Report holdings of such certificates of participation in Schedule B, Item 2, "Other Debt Securities."

Item 2, Loans to Depository Institutions. Report in this item loans to banks whose primary business is to extend credit for business purposes or for financing personal expenditures. Include loans for which the collateral is the mortgage instrument and not the real estate property. Report loans where the collateral is the real estate itself, as evidenced by mortgages or similar liens, in Schedule C, Item 1, "Loans Secured by Real Estate." Exclude holdings of acceptances of other banks, and report in trading accounts or in Schedule C, Item 6, "All Other Loans," as appropriate.

Item 2(a), To Commercial Banks in the U.S. (Including Their IBFs) Report loans and other instruments evidencing loans to operating domestic commercial banks and their branches domiciled in the United States, Puerto Rico, and U.S. territories and possessions. Include loans to U.S. offices of non-affiliated Edge and agreement corporations, U.S. branches and agencies of foreign banks, and investment companies that are chartered under Article XII of the New York State Banking Law and that are majority-owned by one or more foreign banks.

Include all overdrafts to demand deposit accounts of domestic commercial banks. This item includes both unplanned and advance agreement overdrafts.

Include holdings of bankers acceptances credited by other banks and not held in trading accounts, including bankers acceptances that have been drawn by another bank for the purpose of refinancing other acceptances or for the financing of dollar exchanges that are drawn by a banking institution in Puerto Rico and other U.S. territories and insular possessions.

Exclude loans to other domestic depository institutions, such as mutual savings banks, savings and loan associations, and credit unions, finance companies, acceptance companies, insurance companies, and credit agencies that are owned wholly or in part by the federal government. Report extensions of credit to these organizations in Schedule C, Item 6, "All Other Loans."

Exclude loans to inactive, liquidating, or closed banks, and include in Assets, Item 7, "Other Assets" on the balance sheet.

Item 2(b), To Foreign Branches of U.S. Banks. Report all loans to non-U.S. branches of U.S. banks. Include loans to "shell" branches, such as those in the Bahamas and Cayman Islands. Exclude loans to foreign banking subsidiaries of U.S. banks, and report in Item 2(c) below.

Item 2(c), To Other Banks in Foreign Countries. Report all loans and other instruments that represent loans to all banks outside the United States, including holdings of their acceptances. These banks include commercial banks, savings banks, discount houses, nationalized banks *not* functioning as central banks, development banks, or banks of issue and other similar non-U.S. institutions that accept short-term deposits. Exclude such credit extensions to U.S. branches and agencies of foreign banks, and report in Item 2(b), "To Foreign Branches of U.S. Banks." Include loans to non-U.S. domiciled banking subsidiaries of U.S. banks. Exclude loans to U.S. domiciled banking offices of non-U.S. banks, and report in Item 2(a), "To Commercial Banks in the U.S."

Item 3, Commercial and Industrial Loans. Report all loans (regardless of domicile) for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than by real estate) or unsecured, single-payment or installment. These loans may take the form of direct or purchased loans. Include the reporting organization's own acceptances discounted and held in its portfolio when the account party is a commercial or industrial enterprise. Include loans to individuals for commer- cial, industrial, and professional purposes, but not for investment or personal expenditure purposes. Include all such transactions that are included in this loan category on the parent bank's consolidated report of condition. Exclude any commercial and industrial loans held in trading accounts. Examples of commercial and industrial loans are:

- loans for commercial and industrial purposes to the following industries: mining, oil and gas producing, and quarrying industries; manufacturing industries of all kinds, including those which process agricultural commodities; construction industries; transportation and communications companies and public utilities; wholesale and retail trade enterprises and other dealers in commodities; and service industries, such as hotels, laundries, and automotive service stations
- loans for the purpose of financing capital expenditures and financing current operations
- loans collateralized by production payments (for example, oil or mining production payments) as a loan to the original seller of the production payment rather than to the holder of the production payment
- commercial and industrial loans guaranteed by foreign governmental institutions

Item 4, Loans to Individuals (i.e., consumer loans). Include all loans to individuals for household, family, and other personal expenditures that are not secured by real estate, whether direct loans or purchased paper. Also include all loans not secured by real estate if the funds are to be used to purchase real estate that will be used as a residence of the borrower's family.

Include demand loans, hire purchase contracts, installment loans, and single-payment time loans, regardless of size or maturity and regardless of whether the loans are made by the personal loan department or any other department of the reporting organization. Include all credit extended to individuals through retail credit card plans, loans arising from bank check credit, other revolving credit, special overdraft credit, or similar plans.

Exclude loans to individuals for the purpose of purchasing or carrying securities, as well as loans not secured by real estate for the purpose of investing in real estate that is *not* to be used as a residence or vacation home by the borrower or by members of the borrower's family; report these loans in Item 6, "All Other Loans."

Net deposits accumulated by borrowers for the payment of personal loans (that is, hypothecated deposits) against the related loans.

Item 5, Loans to Foreign Governments and Official Institutions (Including Foreign Central Banks). Report all loans (other than those secured by real estate), including planned and unplanned overdrafts, to central, state, provincial, and local governments other than those in the United States, including loans to their ministries, departments, and agencies. Among these are international and regional institutions, treasuries, ministries of finance, central banks, development banks, exchange control offices, stabilization funds, diplomatic establishments, fiscal agents, and nationalized banking and other banking institutions that are owned by central governments *and* that have as an important part of their function activities similar to those of a treasury, central bank, exchange control office, stabilization fund, etc.

Include bankers acceptances accepted by the reporting organization and held in its portfolio when the account party is a foreign government or official institution. Exclude acceptances that are held in trading accounts. Exclude loans to foreign-government-owned nonbank corporations and enterprises, and report in Item 3 or 6 of this schedule, as appropriate.

Item 6, All Other Loans. Report all loans and discounts that cannot properly be reported against one of the preceding items of this schedule, as well as unplanned overdrafts in deposit accounts (except overdrafts on demand deposits of banks, which should be reported in Item 2). Include loans to brokers or dealers or other financial institutions for purchasing or carrying securities (secured and unsecured) and loans to finance agricultural production (except when secured primarily by real estate) and loans to other domestic depository institutions, such as mutual savings banks, savings and loan associations, credit unions, finance companies, insurance companies, federal credit agencies, and other financial intermediaries. Also include holdings of acceptances of other banks that are not held in trading accounts and security resale agreements.

Item 7, Lease Financing Receivables (Net of Unearned Income). Enter the total of lease financing receivables, net of unearned income.

Item 8, Total Loans and Lease Financing Receivables. Enter the sum of Items 1 through 7 above.

Item 9, Less Unearned Income on Loans. To the extent possible, the preferred treatment is to report the specific loan categories net of unearned income. Enter in this item unearned income only to the extent that it is included under Items 1 through 8 of this schedule. If each line is net of unearned income, report zero on this line.

Item 10, Loans and Leases, Net of Unearned Income. Enter the difference between Items 8 and 9. This item must equal Assets, Item 3(a) on the balance sheet.

Schedule D: Other Assets (Excluding Claims on Related Organizations)

Include all assets that cannot be properly reported in Assets, Items 1 through 6, on the balance sheet.

Item 1, Income earned, not collected on loans. Enter the amount of interest, commissions, and other income earned or accrued on loans and applicable to current or prior periods, but not yet collected. Exclude income earned or accrued on assets other than loans, but not yet collected, and report in Item 3, "All Other."

Item 2, Other Real Estate Owned. Report the book value (not to exceed fair value) less accumulated depreciation, if any, of all real estate other than the organization's own premises. Refer to the FFIEC 031 instructions and glossary for further information.

Item 3, All other. Include cash items not in process of collection, accrued interest on securities purchased, prepaid expenses, customers's liability on deferred payment letter of credit, gold, and original art objects.

Itemize any asset reported in Item 3 representing an amount greater than 25 percent of this item.

Item 4, Total. Enter the sum of Items 1 through 3. Report amounts that reflect credit balances, such as a net credit balance for deferred income taxes, in Item 15, "Other Liabilities," on the balance sheet and in Schedule G, Other Liabilities.

Schedule E: Claims on Related Organizations (Non-Equity)

Report the amount of all claims on related organizations. See the definition of related organizations in the Definitions section. Exclude those representing equity investments, and report in Assets, Item 9(a), "Stock and other equity interests in related organizations," on the balance sheet.

Item 1, Bank Deposits (including placements). Enter all balances representing depositor placements with related banking organizations, including correspondent, reciprocal, or operating balances.

Item 2, Assets held in trading accounts. Report all balances representing assets held in trading accounts with related organizations.

Item 3, Other claims. Report all other claims on related organizations.

Item 4, Total. Enter the sum of Items 1 through 3. This item must equal Assets, Item 9(b), "Other balances," on the balance sheet.

Schedule F: Deposits (Excluding Deposits of Related Organizations)

The term deposit is defined in the Federal Deposit Insurance Act and in Federal Reserve Regulation D. The most relevant sections are shown in the Definitions section. Refer to the FFIEC 031 instructions for Schedule RC-E and the glossary entry for deposits for further information.

When it is not clear from definitions in these instructions or from local practice whether a liability should be treated as a deposit or as a borrowing, the liability should be treated as a deposit. Report all deposits in the appropriate item below.

Item 1, Individuals, Partnerships, and Corporations. Report all deposits made by or for the account of individuals, partnerships, and corporations.

Deposits of individuals include those related to the personal, household, or family activities of individuals and to the business activities of sole proprietorships. Also include deposits of nongovernment corporations, associations, or other organizations operated primarily for religious, philanthropic, charitable, educational, fraternal, or similar purposes and not operated for profit, and deposits of U.S. government agencies or instrumentalities.

Deposits of partnerships, corporations, and other associations organized for profit include entities that engage in commercial, industrial, financial, or other activities in the United States or abroad, including: building and loan associations; credit unions; mutual funds and all other financial institutions (other than domestic and foreign commercial banks); the Export Import Bank; federally-sponsored lending agencies; foreign government-owned commercial and industrial enterprises; and quasi-government organizations.

Item 2, U.S. Banks (Including IBFs and Foreign Offices of U.S. Banks). Report all deposit balances standing to the credit of banks headquartered and chartered in the United States. Include both U.S. and non-U.S. branches of U.S. commercial banks (including IBFs established by U.S. commercial banks). Exclude deposits of U.S. branches and agencies of foreign banks and of IBFs established by such branches and agencies, and report Item 3, "Foreign Banks."

Item 3, Foreign Banks (Including U.S. Branches and Agencies of Foreign Banks, Including Their IBFs). Report all balances standing to the credit of banks headquartered and chartered outside the United States. Include both U.S. and non-U.S. branches of foreign banks. Exclude deposits of non-U.S. offices of U.S. banks, and include in Item 2.

Item 4, Foreign Governments and Official Institutions (Including Foreign Central Banks). Report all balances standing to the credit of governments and official institutions, including foreign central banks, other than the U.S. government. Include deposits of central, state, provincial, and local governments other than those in the United States, their ministries, departments and agencies. Among these are international and regional institutions, treasuries, ministries of finance, central banks, development banks, exchange control offices, stabilization funds, diplomatic establishments, fiscal agents, and nationalized banking, and other banking institutions that are owned by central governments *and* that have as an important part of their function activities similar to those of a treasury, central bank, exchange control office, stabilization fund, etc.

Item 5, Certified and Official Checks. Include:

- unpaid depositors checks that have been certified
- cashiers checks, money orders, or other officers' checks issued for any purpose including those issued in payment for services, dividends, or purchases that are drawn on the reporting corporation by any of its duly authorized officers and that are outstanding on the report date
- funds received or held in connection with checks or drafts drawn by the reporting corporation and drawn on, or payable at or through, another depository institution either on a zero-balance account or on an account that is *not* routinely maintained with sufficient balances to cover checks drawn in the normal course of business (including accounts where funds are remitted by the reporting corporation only when it has been advised that the checks or drafts have been presented)
- funds received or held in connection with traveler's checks and money orders sold (but not drawn) by the reporting corporation, until the proceeds of the sale are remitted to another party, and funds received or held in connection with other such checks used (but not drawn) by the reporting corporation, until the amount of the checks is remitted to another party
- checks drawn by the reporting corporation on, or payable at or through, a Federal Reserve Bank or a Federal Home Loan Bank
- outstanding travelers' letters of credit and other letters of credit (less any outstanding drafts accepted thereunder) issued for money or its equivalent by the reporting corporation or its agents
- outstanding drafts and bills of exchange accepted by the reporting corporation or its agents for money or its equivalent. This includes drafts accepted against a letter of credit issued for money or its equivalent.

Item 6, All Other Deposits. Report all deposits that cannot be properly reported in one of the preceding items. Include deposits of the U.S. government, states and political subdivisions in the United States, and depository institutions in the United States other than commercial banks.

Item 7, Total Deposits. Enter the sum of Items 1 through 6. This item must equal the sum of Items 11(a) and 11(b) on the balance sheet.

Schedule G: Other Liabilities (Excluding Liabilities to Related Organizations

Report any liabilities to nonrelated organizations that cannot be properly reported in Items 11 through 14 on the balance sheet.

Item 1, Expenses accrued and unpaid. Report the amount of expenses accrued and unpaid.

Item 2, Other liabilities. Include any liabilities for dividends declared but not yet payable and any liability for deferred payment letters of credit. Itemize any liability that represents an amount greater than 25 percent of this Item.

Item 3, Total. Enter the sum of Items 1 and 2. This amount must equal Liabilities, Item 15, "Other liabilities," on the balance sheet.

Schedule H: Liabilities to Related Organizations

Report the amount of all liabilities to related organizations. See the definition of related organizations in the Definitions section. Exclude balances representing equity investment, shown in Item 18, "Equity Capital," of the balance sheet.

Item 1, Deposits of banks. Enter all deposits or placements of related banking organizations with the reporting organization.

Item 2, Trading liabilities. Report all trading liabilities to related organizations (include revaluation losses from off-balance-sheet transactions).

Item 3, Other liabilities. Report all other liabilities to related organizations.

Item 4, Total. Enter the sum of Items 1 through 3. This item must equal Liabilities, Item 17, "Liabilities to related organizations," on the balance sheet.

Schedule I: Changes in Capital and Reserve Accounts

Item 1, Equity Capital.

Item 1(a), Balance at End of Previous Calendar Year. Enter the ending balance as of the previous year-end for total equity capital (balance sheet Item 18(f)). The amount must equal the ending figure appearing on the previous year-end reporting period Schedule I.

Item 1(b), Net Income (Loss). Enter the amount reported on Item 12 "Net income (loss)" of Schedule J.

Item 1(c), Sale, Conversion, Acquisition, or Retirement of Capital Stock, Net. Enter the net effect on total equity capital of any changes in the capital account resulting from the sale of preferred or common stock, exercise of stock options, conversion of convertible debt or preferred stock into common stock, redemption of preferred stock, retirement of capital stock, and any other capital stock transactions not relating to business combinations and stock dividends.

Item 1(d), Less: Cash Dividends Declared. Enter the total of all cash dividends declared during the reporting period, including dividends on preferred stock, if any. Dividends declared but not yet paid should be included in Item 15, "Other Liabilities," on the balance sheet.

Item 1(e), Foreign Currency Translation Adjustments. Report the increase or decrease during the current year in the cumulative foreign currency translation adjustments, net of applicable income taxes, if any.

Item 1(f), Change in net unrealized holding gains (losses) on available-for-sale securities. Report the change during the calendar year to date in balance sheet Item 18(d), "Net unrealized holding gains (losses) on available-for-sale securities," on the balance sheet. If the amount represents a reduction in the bank's equity capital, enclose it in parentheses. Also include the change during the calendar year to date in Line 18.d from accumulated net gains (losses) on cash flow hedges in accordance with FASB Statement No. 133. Refer to the FFIEC 031 instructions for further information.

Item 1(g), Other Adjustments. Itemize all other adjustments to equity capital. Enter the changes in the capital accounts resulting from capital stock transactions not reflected on other items of the schedule. Include the net changes incident to mergers and absorptions.

Item 1(h), Balance At End of Period. Enter the total of Items 1(a) through 1(g). This item must equal Item 18(f), "Total equity capital," on the balance sheet.

Item 2, Allowance for Loan and Lease Losses. Report all changes in the allowance account on a year-to-date basis. When the reporting organization maintains an allowance for possible loan and lease losses, report all related transactions and reconcile, beginning with the balance reported the end of the previous year, to the balance of the allowance shown in Item 3(b) of the balance sheet as of the end of the current period. The provision for possible loan and lease losses should correspond to the amount reported in Schedule J, Item 4, "Provision for loan or lease losses." Exclude transactions pertaining to reserves carried in capital accounts, such as reserves for contingencies that represent a segregation of undivided profits.

Organizations that do not maintain an Allowance for Loan and Lease Losses should report gross recoveries and gross charge-offs on loans and leases. The amount of difference between gross charge-offs and gross recoveries reported herein should reconcile to the amount of provision for possible loan and lease losses in Schedule J, Item 4. The beginning and ending balances reported in Schedule I, Item 2, by these organizations should be zero.

Item 2(a), Balance at End of Previous Calendar Year. Include the ending balance as of the prior year-end in the allowance for possible loan and lease losses account. The amount should correspond to the amount shown in Assets, Item 3(b), "Allowance for Possible Loan Losses," on the balance sheet as of the previous year-end.

Item 2(b), Recoveries. Include recoveries of amounts previously charged off against the allowance for possible loan and lease losses.

Item 2(c), Less: Charge-offs. Enter the amount of gross charge-offs on loans and leases during the period.

Item 2(d), Provision. This item must equal Schedule J, Item 4, "Provision for loan or lease losses." If the amount is negative, enclose it in parentheses.

Item 2(e), Adjustments. Include any increase or decrease resulting from foreign currency translation of the allowance for possible loan and lease losses into dollars.

Item 2(f), Balance at End of Current Period. Enter the total of Items 2(a) through 2(e) minus Item 2(c). This item must equal Assets, Item 3(b), "Allowance for Possible Loan Losses," on the balance sheet.

Schedule J: Income and Expenses

This schedule is structured to highlight net interest and noninterest income and to separate revenues and expenses of transactions with related organizations from those of nonrelated organizations for the calendar year-to-date. The sections of the schedule that deal with nonrelated organizations should reflect the full contribution of the reporting organization to the revenues and expenses of the organization's parent U.S. *bank* (if applicable). See the definition of related organizations in the Definitions section.

Item 1, Interest Income.

Item 1(a), Interest and Fee Income from Nonrelated Organizations.

Item 1(a)(1), Interest and Fees on Loans and Lease Financing Receivables. Enter the total income from interest and fees on all assets of the types and classes described in the instructions from Schedule C and included in assets, Item 3, "Loans and Lease Financing Receivables," on the balance sheet less rebates made on loans and leases paid prior to maturity and less amortization of any premium paid when the asset was acquired. Add or deduct from this figure, as appropriate, profits or losses resulting from the sale of such assets at a price different from the cost of acquisition. Include gross revenues from loan commitment fees, and all yield-related fees on loans held by the reporting organization. Exclude fees that are not yield-related, such as syndication fees applicable to loans that are not assets of the organization. Report these fees in Item 5(a)(5), "Other commissions, fees, etc."

When yield-related fees are collected in connection with a loan syndication or participation and passed through to another lender, report only the reporting organization's proportional share of such fees.

Exclude reimbursement for out-of-pocket expenditures made by the reporting organization for the account of its customers. If the reporting organization's expense accounts were charged with the amount of such expenditures, the reimbursements should be credited to the same expense accounts.

Item 1(a)(2), Interest on Balances Due from Depository Institutions. Report the amount of interest income received or accrued during the current reporting period on the types and classes of assets shown in Item 1 on the balance sheet, "Cash and balances due from depository institutions" and detailed in Schedule A. Include premiums received or discounts paid on foreign exchange contracts related to financial swap transactions involving interest-bearing balances due from depository institutions. Such gains or losses are known at the inception of the contract and should be amortized over the life of the contract.

Item 1(a)(3), Interest on Bonds, Notes, and Debentures and Dividends on Stock. Report all interest income arising from debt securities, including bills, certificates or indebtedness, notes, or bonds issued by any private or governmental organization of the type of assets in Item 2, "Securities," on the balance sheet. Report all dividend income received from holdings of corporate stock in nonrelated companies. Exclude dividends received on equity securities carried in trading accounts.

Item 1(a)(4), Interest income and dividends from assets held in trading accounts. Report all interest income arising from debt securities, including bills, certificates or indebtedness, notes, or bonds issued by any private or governmental organization of the type of assets in Item 4, "Assets held in trading accounts," on the balance sheet. Include accretion of discounts on assets held in trading accounts that have been issued on a discount basis, such as U.S. Treasury bills and commercial paper. Include dividends received on equity securities carried in trading accounts.

Item 1(b), Interest Income from Claims on Related Organizations. Report all interest income related to claims on related organizations of the type included in assets, Item 9, "Claims on related organizations", on the balance sheet including dividends received on investments in such companies. Exclude any noninterest income and income from undistributed earnings of related organizations, and report in Item 5(b) below.

Item 1(c), Total Interest Income. Enter the sum of Items 1(a)(1) through 1(b).

Item 2, Interest Expense.

Item 2(a), Interest Expense Pertaining to Nonrelated Organizations. Enter the interest paid or accrued on the types and classes of liabilities included in Item 11(a), "Total non-interest-bearing deposits," on the balance sheet. Include premiums paid or discounts received on foreign exchange contracts related to financial swap transactions that involve deposits. Such gains or losses are known at the inception of the contract and should be amor tized over the life of the contract. Also report the interest paid on the types and classes of borrowings included in Item 12, "Other borrowed money," on the balance sheet. Include interest and discounts on bills payable and rediscounts, and interest paid on any subordinated notes and debentures.

Item 2(b), Interest Expense Pertaining to Related Organizations. Report all interest expenses paid or due to related organizations. See the definition of related organizations in the Definitions section.

Item 2(c), Total Interest Expense. Enter the sum of Items 2(a) and 2(b).

Item 3, Net Interest Income. Subtract Item 2(c), "Total Interest Expense," from Item 1(c), "Total Interest Income." If the amount is negative, enclose it in parentheses.

Item 4, Provision for Loan and Lease Losses. All reporting organizations showing an amount against Assets, Item 3(b), "Allowance for loan and lease losses" on the balance sheet should enter the net transfer to or from the reserves during the period for which this schedule is prepared. Organizations that do not provide for loan losses on a reserve basis should enter actual net loan losses or recoveries. Enclose in parentheses net transfers from loan loss reserves or net actual recoveries and treat as negative amounts. The amount reported here may differ from the bad debt expense deduction taken for federal income tax purposes.

Item 5, Noninterest Income

Item 5(a), From Nonrelated Organizations.

Item 5(a)(1), Equity in Undistributed Earnings of Nonrelated Organizations. Report all income from holdings of corporate stock of the type reported in Schedule B, Item 3, "Equity interests in nonrelated organizations."

Item 5(a)(2), Net Gain (Loss) on Foreign Exchange Transactions. Report the net gain or loss from all foreign exchange transactions, including the maturing or covering of outstanding forward contracts within the reporting period, regardless of whether these transactions are conducted in the trading department or in another department of the corporation. Also include any net gain or loss resulting from the application of FASB 52. Include incidental fee income from such transactions. Exclude gains and losses on swap transactions (report as adjustments to the income or expense of the related asset or liability). If this net amount is a debit balance, enclose it in parentheses.

Item 5(a)(3), Income from Fiduciary Activities. Include gross income from services rendered by this reporting organization in any fiduciary capacity.

Item 5(a)(4), Gains (losses) and fees from trading assets and liabilities. Report the net gain or loss from the sale of assets reportable in Assets, Item 4, "Assets held in trading accounts," and from liabilities reportable in Liabilities, Item 14, "Trading Liabilities." Include:

- revaluation adjustments to the carrying value of assets reportable in Assets, Item 4, "Assets held in trading accounts," and Liabilities, Item 14, "Trading Liabilities," resulting from the periodic marking to market (or the lower of cost or market) of such assets and liabilities
- revaluation adjustments from the periodic marking to market (or the lower of cost or market) of interest rate, foreign exchange, equity derivative, and commodity and other contracts held for trading purposes
- incidental income and expenses related to the purchase and sale of assets reportable in Assets, Item 4, and Liabilities, Item 14, on the balance sheet.

Item 5(a)(5), Other Commissions, Fees, Etc. Enter the total of all commissions and fees received from clients of the reporting organization for services routinely or ordinarily performed under the laws of or accepted practices in the country in which the reporter is domiciled. Such services include the collection of checks, notes, and bills of exchange; the receipt of collections for public utilities and other firms; the sale of bank drafts; the acceptance of bills of exchange; the purchase and sale of securities, acceptances, and other negotiable paper and the negotiation of loans for the account of customers; the lending of securities owned by the reporting organization the servicing of evidences of debt owned by others; the provision of data processing services; and the issuance and handling of letters of credit. Exclude reimbursed expenditures made by the reporting organization on behalf of clients or rentals received from land or premises leased or subleased to others by the reporter. Include such rentals in Item 5(a)(6), "Other Noninterest Income," or net against the amount in Item 7(a)(2), "Expenses of Premises and Fixed Assets (Net of Rental Income)."

Exclude reimbursement for out-of-pocket expenditures made by this reporting organization for the account of its customers. If the organization's expense accounts were charged with the amount of such expenditures, credit the reimbursements to the same account.

Item 5(a)(6), Other. Enter the total of all noninterest income derived from nonrelated organizations that cannot properly be included elsewhere under Item 5(a), including gains and losses and net income from securities carried in connection with trading activities, gross rentals received from real estate other than this reporting organization's own premises, regular operating credits such as recoveries on forgeries and on checks paid over stop-payment orders, and similar recurring operating transactions. Itemize any revenue that represents an amount greater than 25 percent of Item 5(c), "Total Noninterest Income." Exclude dividends received from nonrelated organizations and interest income on securities held in trading accounts, and report them in Item 1(a)(4), "Interest Income and Dividends from Assets Held in Trading Accounts."

Item 5(b), From Related Organizations. Report all noninterest income from related organizations. Exclude dividends received from investments in related organizations, and report in Item 1(b). Include the reporting organization's share of any undistributed earnings of affiliated companies. If the organization's share of all undistributed earnings of affiliates (in total) is a net loss or if other income accounts reflect debit balances, include them as noninterest expenses in Item 7(b).

Item 5(c), Total Noninterest Income. Enter the sum of 5(a) and 5(b). If the result is negative, enclose it in parentheses.

Item 6, Realized Gains (losses) on securities not held in trading accounts. Report the net gain or loss realized during the reporting period from the sale, exchange, redemption, or retirement of all securities not held in trading accounts. The gain or loss is the difference between the sales price (excluding interest at the coupon rate accrued since the last interest payment date, if any) and the book value. Also include:

- net unrealized losses (and subsequent recoveries of such net unrealized losses to the extent provided for through a valuation allowance) during the calendar year to date on debt securities held for sale
- write-downs charged to expense and provisions for credit losses prior to sale, redemption, or maturity on all securities not held in trading accounts, including debt securities held for sale.

If the amount is negative, enclose it in parentheses. Report the amount gross of tax effect. Exclude:

- charge-offs and write-downs of investment securities prior to sale, maturity, or redemption because of a decline in value, judged to be other than temporary, and subsequent recoveries of amounts charged off or written down; and report in Item 7(a)(3) and Item 5(a)(6), respectively
- net unrealized losses on marketable equity securities and subsequent recoveries of such net

unrealized losses, and report in Schedule I, Item 1(g), "Other Adjustments"

- net gains (losses) from the sale of detached securities coupons and the sale of ex-coupon securities, and report in Item 7(a)(3), "Other noninterest expense," or Item 5(a)(6), "Other noninterest income," as appropriate.

Item 7, Noninterest Expense:

Item 7(a), Pertaining to Nonrelated Organizations.

Item 7(a)(1), Salaries and Employee Benefits. Include all compensation for personal services of all officers and employees, including dining room and cafeteria employees, building department officers and employees, and the cost of office temporaries and contract guards. Include bonuses and extra compensation, unemployment and pension taxes, and contributions to the reporting organization's retirement or pension funds or profit sharing plan.

Exclude amounts paid to legal, management, and investment counsel for professional services, if such counsel are not salaried officers of the organization, and include in Item 7(a)(3), "Other Noninterest Expenses."

Include all supplementary benefits, paid or accrued during the report period on behalf of all officers and employees, such as life insurance premiums (net of dividends received) when the reporter is not the beneficiary and hospitalization insurance; unemployment taxes, the net cost to the reporting organization for employee dining rooms, restaurants and cafeterias; the cost of medical or health services; and other so-called fringe benefits for officers and employees.

Exclude expenses related to the testing, training, and education of officers and employees; the cost of newspapers and magazines; premiums on life insurance policies when the reporting organization is beneficiary; athletic activities when the purpose may be construed to be for internal or public relations, with incidental employee benefits. Include these amounts in Item 7(a)(3), "Other Noninterest Expenses."

Item 7(a)(2), Expenses of Premises and Fixed Assets (Net of Rental Income). Report the net expense of office premises occupancy (that is, the difference between gross occupancy expense and rental income). Include normal and recurring depreciation or amortization charges applicable to the current period, whether they represent direct reductions in the carrying value of the assets, including capital lease assets, or additions to accumulated depreciation or amortization accounts; ordinary repairs to the reporter's premises (including leasehold improvements), equipment, furniture and fixtures; all current expenses, not included above, connected with the use of the organization's premises, such as the cost of heat, electricity, water, outside janitor supplies, fire insurance, and similar expenses; all operating lease rents paid on the organization's premises and parking lot and interest on mortgages, liens or other encumbrances on the reporter's premises owned, including the portion of capital lease payments representing interest expense, but not such expenses incurred on "real estate" other than the organizations' premises; and all property and other taxes, paid or accrued, relating to the reporter's premises and leasehold improvements, including deficiency payments, net of all rebates, refunds, or credits and adjusted for all over or under accruals. Also include any portion of capital lease payments representing executory costs such as insurance, maintenance, and taxes.

Include in this item the normal and recurring depreciation charges on the furniture and fixtures used in the operations of the reporting organization applicable to the calendar or fiscal year for which the schedule is prepared, whether representing direct reductions in the carrying value of the assets or additions to depreciation reserves; rental costs or machinery and equipment, including servicing costs; the cost of furniture and equipment not placed on the books as assets (that is, charged directly to expenses); and all taxes paid on furniture, fixtures, and equipment.

Include in rental income all rentals charged for use of the reporting organization's building not incident to the use of the premises by this reporter. Although this item ordinarily includes only rental from regular tenants of the building, it may also include income received from short-term rentals of other facilities except safe deposit boxes.

Item 7(a)(3), Other Noninterest Expenses. Enter the total of all other noninterest expenses relating to nonrelated organizations that cannot properly be included in the figures at Items 7(a)(1) or 7(a)(2). Include fees paid to directors and committee members for attendance at meetings, including travel and expenses allowance; premiums on fidelity insurance; operating expenses (except salaries) connected with holding of real estate other than office premises, including interest paid on liens and normal or recurring depreciation charges on such "Other Real Estate;" office supplies purchased; retainer fees; expenses related to the use of automobiles for the reporter's business; losses on counterfeit money, forged checks, net cash short- sages, payment of checks over stop-payment orders, and similar losses of a recurring nature. Include all taxes not reported against other items, net losses on the sale of loans (other than acceptances and commercial paper) or participations, and any securities charged off prior to sale of redemption, if no securities reserve exists. Itemize any expense representing an amount greater than 25 percent of Item 7(c).

Item 7(b), Pertaining to Related Organizations. Include all expenses involving related organizations that cannot properly be reported in Item 2(b), "Interest Expense Pertaining to Related Organizations." Report amounts that have net credit balances as noninterest income in Item 5(b), "Noninterest Income from Related Organizations."

Item 7(c), Total Noninterest Expense. Enter the sum of Items 7(a) and 7(b).

Item 8, Income (Loss) Before Income Taxes and Extraordinary Items. Enter the sum of Item 3, "Net Interest Income," Item 5(c), "Total Non-interest Income," and Item 6, "Securities Gains (Losses);" less Item 4, "Provision for Loan and Lease Losses," and Item 7(c), "Total Noninterest Expense." If the result is negative, enclose it in parentheses.

Item 9, Applicable Income Taxes (on Item 8). Report the total estimated federal, state, and local income tax expense applicable to Item 8, "Income (Loss) Before Income Taxes and Extraordinary Items," and Item 4, "Provision for Loan and Lease Losses." If the amount is a tax benefit rather than a tax expense, enclose it in parentheses.

Exclude the estimated income taxes applicable to foreign currency translation adjustments included in Schedule I, Item 1(d). Include tax benefits from operating loss carry-backs realized during the reporting period.

Item 10, Income (Loss) Before Extraordinary Items. Enter the amount shown in Item 8, plus or minus the amount shown in Item 9. If the amount is a loss, enclose it in parentheses.

Item 11, Extraordinary Items, Net of Tax Effect. Report all extraordinary items less the estimated tax provision applicable to the item. Include:

- realized tax benefits of operating loss carry-forwards (other than realized loss carry-forward benefits of purchased subsidiaries which should be treated as an adjustment of purchase price)
- material gains or losses from disposal of significant assets within two years after a pooling of interests business combination
- material aggregate gains or losses from extinguishments of the reporter's own debt unrelated to sinking fund requirements (see FASB 4 for detailed information)
- material aggregate gains or losses from disposal of segments of the reporter's business (see APB Opinion No. 30)
- material aggregate gains on troubled debt re-structuring of the reporter's own debt (see FASB

15 for information as to how a debtor subsidiary should account for a troubled debt restructuring)

- the material effects on any other events or transactions that are *both* unusual in nature *and* infrequent in their occurrence. To be unusual in nature, the underlying event or transaction should be abnormal and significantly different from the ordinary and typical activities of the reporting organization. An event or transaction not reasonably expected to recur in the foreseeable future is considered to occur infrequently. Exclude net gains or losses on the sale or other disposal of the reporter's premises and fixed assets, other real estate owned, coins, art and other similar assets, as well as any branch offices; report these gains or losses in Items 5(a)(6) or 7(a)(3), respectively.

If the amount is negative, enclose it in parentheses.

Item 12, Net Income (Loss). Enter the total of Item 10 "Income Before Extraordinary Items," plus or minus Item 11, "Extraordinary Items, Net of Tax Effect." If the amount is negative, enclose it in parentheses.

Schedule K: Assets Held in Trading Accounts

Organizations that *regularly* underwrite or deal in securities and other assets for resale or that acquire securities and other assets with the intent to resell in order to profit from short-term price movements shall report in this schedule the value of such assets. Consistently value assets held in trading accounts at fair value (or, if appropriate, the lower of cost or fair value).

Exclude the carrying value of any available-for-sale securities or of any loans or leases that are held for sale. Exclude all trading account balances with related organizations, and report in Schedule E, Item 2, "Assets held in trading accounts," or Schedule H, Item 2, "Trading liabilities." Refer to the FFIEC 031 instructions and glossary for further information.

Item 1, Securities of U.S. Government and its Agencies. Report the total value of securities issued by the U.S. government and all other U.S. government agencies and official institutions thereof.

Item 2, Securities of All Foreign Governments and Official Institutions. Report the appropriate value of all debt securities issued by foreign governments (central, state, provincial and local), including their ministries, departments and agencies. Among these are international and regional institutions, treasuries, ministries of finance, central banks development banks, exchange control offices, stabilization funds, diplomatic establishments, fiscal agents, and nationalized banking and other banking institutions that are owned by central governments *and* that have an important part of their function activities similar to those of a treasury, central bank, exchange control office, stabilization fund, etc. Include bankers' acceptances accepted by the reporting organization and held in its trading account when the account party is a foreign government or official institution. Also exclude securities issued by nonbank corporations and enterprises which are foreign-government-owned.

Item 3, Equity Securities. Report the appropriate value of all equity securities held in the organization's trading account. Exclude equity securities that have been purchased for investment or acquired for debts previously contracted.

Item 4, Corporate Bonds, Notes, and Debentures. Report the total value of debt securities issued by corporations.

Item 5, Revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts. Report the amount of revaluation gains (that is, assets) from the "marking to market" of interest rate, foreign exchange rate, and other off-balance-sheet commodity and equity contracts held for trading purposes (in compliance with Financial Accounting Standards Board Interpretation No. 39). Refer to the FFIEC 031 instructions for further information.

Item 6, Other (Including Commercial Paper). Report the total value of all assets held in trading accounts that cannot be properly reported in Items 1 through 5. Include certificates of deposit, bankers acceptances, and commercial paper.

Item 7, Total. Enter the sum of Items 1 through 6. This item must equal Assets, Item 4, on the balance sheet.

Schedule L: Past Due and Nonaccrual Loans and Leases

Report all loans and lease financing receivables booked at the head office and any consolidated offices that are past due or are in nonaccrual status, regardless of whether such credits are secured or unsecured and regardless of whether they are guaranteed by others. Report loan amounts net of unearned income to the extent that the same categories of loans are reported net of unearned income in Schedule C. Report the *full* outstanding balances of loans that are past due or in nonaccrual status, not simply the delinquent payments. See the definitions of nonaccrual, past due, and restructured in the Definitions section.

Items 1 and 2, Past Due Loans. Report in Items 1 and 2 the full outstanding balances (not just delinquent payments) of loans and lease financing receivables that are past due and upon which the organization continues to accrue interest. Exclude from Items 1 and 2 all loans and lease financing receivables that are on nonaccrual status.

Item 1, Past due 30-89 days and still accruing. Report any loans and lease financing receivables that are past due 30 to 89 days (as defined above) and still accruing.

Item 2, Past due 90 days or more and still accruing. Report the loans and lease financing receivables as specified above on which payment is due and unpaid for 90 days or more and still accruing.

Item 3, Nonaccrual. Report the outstanding balances of loans and leases that are on nonaccrual status. Exclude restructured loans and leases with a zero percent effective interest rate. Once loans are placed in nonaccrual status any previously accrued interest should be removed.

Item 4, Total. Enter the sum of Items 1 through 3.

Memorandum Item 1. Report the outstanding balances of restructured loans and leases (as defined above) that under their modified terms are past due 30 days or more or are in nonaccrual status as of the report date. Such loans and leases are included in one or more lines of this schedule. Exclude all restructured loans secured by 1 to 4 family residential properties and all restructured loans to individuals for household, family, and other personal expenditures.

DEFINITIONS

For the purpose of completing this report, the following terms are used.

Acceptances Executed by the Reporting Organization With the exceptions described below, the accepting organization (that is, the organization on whom the draft is drawn) *must* report on its balance sheet the *full* amount of the acceptance in both (1) Liabilities, Item 13, "Subsidiary's liability on Acceptances Executed and Outstanding," on the balance sheet, reflecting the accepting organization's obligation to put the holder of the acceptance in funds at maturity, and (2) Assets, Item 6, "Customers' Liability on Acceptances Outstanding," on the balance sheet, reflecting the account party's liability to put the accepting bank in funds at maturity.

Exceptions to the mandatory reporting by the accepting organization of the full amount of all outstanding drafts accepted by the reporting organization in both Liabilities, Item 13 and Assets, Item 6 on the balance sheet occur in these situations:

1 One exception occurs in situations where the accepting organization acquires--through initial discounting or subsequent purchase--and holds *its own* acceptance (that is, a draft that it has itself accepted). In this case, its own acceptances that it holds will not be reported in the acceptance liability Item 6 and asset Item 13 noted above. The organization's own acceptances held will be reported under "Loans and Leases, Net of Unearned Income" (Item 3(a)).

2 Another exception occurs in situations where the account party anticipates its liability to the reporting organization on an acceptance outstanding by making a payment to the organization that reduces the customer's liability in advance of the maturity of the acceptance. In this case, the reporting organization will decrease Item 6, "Customers' Liability on Acceptances Outstanding," by the amount of such prepayment; the prepayment will not affect Item 13, "Subsidiary's Liability on Acceptances Executed and Outstanding," which would continue to reflect the full amount of the acceptance until the maturity date specified in the instrument. If the account party's payment to the accepting organization before the maturity date is <u>not</u> for the purpose of immediate reduction of its indebtedness to the reporting bank or if receipt of the payment does not immediately reduce or extinguish that indebtedness, such payment will not reduce Assets, Item 6 but should be reflected as a deposit in Schedule F.

In all other situations, other than these two exceptions just described, the accepting organization must report the *full* amount of its acceptances in its liability item, "Liability on Acceptances Executed and Outstanding," and in its Asset Item, "Customers' Liability on Acceptances Outstanding." There are *no* other circumstances in which the accepting organization can report as a balance sheet liability anything less than the *full* amount of the obligation to put the holder of the acceptance in funds at maturity. Moreover, there are *no* circumstances in which the reporting organization can net its acceptance assets against its acceptance liabilities.

Acceptances Owned by the Reporting Organization. The treatment of acceptances owned or held by the reporting organization (whether acquired by initial discount or subsequent purchase) depends upon whether the acceptances held have been accepted by the reporting organization or by others.

The reporting organizations' holdings of other banks' acceptances are to be reported as loans to banks and included in the appropriate sub-item in Item 2 on Schedule C. On the other hand, the organization's holdings of its *own* acceptances are to be reported according to the account party of the draft. Thus, for example, holdings of own acceptances for which the account parties are commercial or industrial enterprises in the U.S. are to be reported in Schedule C, Item 3, "Commercial and Industrial Loans."

The difference in treatment between holdings of own acceptances and holdings of other banks' acceptances stems from the fact that, for other banks' acceptances, the holding bank's immediate claim is on the accepting bank, regardless of the account party or of the purpose of the loan. On the other hand, for its holdings of its own acceptances, the bank's immediate claim is on the account party named in the accepted draft.

Addressee (Domicile). Certain items in this report apply only to customers in the United States or to customers in countries outside the U.S. Other items distinguish between U.S. and foreign addressees. Whether a customer is "U.S." or "non-U.S." shall be determined by the customer's principal address (its domicile). U.S. addressees include residents of any of the fifty states of the United States, the District of Columbia, Puerto Rico, and U.S. dependencies and insular possessions. Non-U.S. addressees include residents of all other geographic areas. The distinction between a U.S. customer and a non-U.S. customer should be based on the principal address or domicile of the direct obligor or direct depositor regardless of the domicile of any guarantor. In some cases, the account address used for correspondence, etc., is different from the customer's principal address or domicile. In such cases, the organization should look behind the account address to other information in its files or should make reasonable efforts to ascertain the customer's principal address or domicile from sources outside the organization. Only if the customer's domicile is not readily ascertainable from the reporter's own files or from other sources, may the account address be used for determining whether a customer is U.S. or non-U.S.

Commercial Banks in the U.S. For purposes of this report, a commercial bank is any legal entity chartered as a commercial bank and/or trust company by the U.S. or a unit of government of the U.S. or a private or industrial bank engaged in banking and located in the U.S. (but excluding any foreign branches thereof). For this report, also include (unless specified separately) (1) U.S. agencies and branches of foreign banks; (2) Edge and Agreement corporations that are organized under provisions of Section 25 or 25(a) of the Federal Reserve Act; and (3) investment companies engaged in banking and chartered under Article XII by the State of New York that are majority-owned by one or more foreign banks or by foreign official institutions.

Deposits: The FDI Act definition of deposits includes:

1 The unpaid balance of money or its equivalent received or held by a bank in the usual course of business and for which it has given or is obligated to give credit, either conditionally or unconditionally, to a commercial, checking, savings, time, or thrift account, or which is evidenced by its certificate of deposit, thrift certificate, investment certificate, certificate of indebtedness, or other similar name, or a check or draft drawn against a deposit account and certified by the bank, or a letter of credit or a traveler's check on which the bank is primarily liable: *provided*, that, without limiting the generality of the term "money or its equivalent," any such account or instrument must be regarded as evidencing the receipt of the equivalent of money when credited or issued in exchange for checks or drafts or for a promissory note upon which the person obtaining any such credit or instrument is primarily or secondarily liable, or for a charge against a deposit account, or in settlement of checks, drafts, or other instruments forwarded to such bank for collection;

2 Money received or held by a bank, or the credit given for money or its equivalent received or held by a bank, in the usual course of business for a special or specific purpose, regardless of the legal relationship thereby established, including, without being limited to, escrow funds, funds held as security for an obligation due to the bank or others (including funds held as dealers reserves) or for securities loaned by the bank, funds deposited by a debtor to meet maturing obligations, funds deposited as advance payment

on subscriptions to United States Government securities, funds held to meet its acceptances or letters of credit, and withheld taxes: *provided*, that there shall not be included funds which are received by the bank for immediate application to the reduction of an indebtedness to the receiving bank, or under condition that the receipt thereof immediately reduces or extinguishes such an indebtedness,

3 Outstanding draft (including advice or authorization to charge bank's or savings association's balance in another bank or savings association), cashier's check, money order, or other officer's check issued in the usual course of business for any purpose, including without being limited to those issued in payment for services, dividends, or purchases; and

4 Such other obligations of a bank or savings association as the Board of Directors, after consultation with the Comptroller of the Currency, Director of the Office of Thrift Supervision, and the Board of Governors of the Federal Reserve System, shall find and prescribe by regulation to be deposit liabilities by general usage, except that the following shall not be a deposit for any of the purposes of this Act or be included as part of the total deposits or of an insured deposit:

   a Any obligation of a bank or savings association which is payable only at an office of such bank or savings association located outside of the States of the United States, the District of Columbia, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands and the Northern Mariana Islands; and

   b Any international banking facility deposit, including an international banking facility time deposit, as such term is from time to time defined by the Board of Governors of the Federal Reserve System in Regulation D or any successor regulation issued by the Board of Governors of the Federal Reserve System.

Interest-bearing deposit accounts consist of deposit accounts on which the issuing depository institution pays compensation to the holder for the use of the funds. Such compensation may be in the form of cash, merchandise, or property or as a credit to an account. Deposits with a zero percent interest rate that are issued on a discount basis are to be treated as interest-bearing.

Non-interest-bearing deposit accounts consist of deposit accounts on which the issuing depository institution pays no compensation to the holder for the use of the funds.

Non-interest-bearing deposit accounts include (i) matured time deposits that are not automatically renewable (unless the deposit agreement provides for the funds to be transferred at maturity to another type of account) and (ii) deposits with a zero percent stated interest rate that are issued at face value.

Foreign. According to Regulation K, "foreign" or "foreign country" refers to one or more foreign nations, and includes the overseas territories, dependencies, and insular possessions of those nations and of the United States, and the Commonwealth of Puerto Rico.

Nonaccrual. Loans and lease financing receivables are to be reported as being in nonaccrual status if: (1) they are maintained on a cash basis because of deterioration in the financial position of the borrower, (2) payment in full of interest or principal is not expected, or (3) principal or interest has been in default for a period of 90 days or more unless the obligation is both well-secured and in the process of collection. A nonaccrual asset may be restored to an accrual status when none of its principal or interest is due and unpaid or when it otherwise becomes well secured and is in the process of collection.

For purposes of applying the third test for the nonaccrual of interest listed above, the date on which an asset reaches nonaccrual status is determined by its contractual terms. If the principal or interest on an asset becomes due and unpaid for 90 days or more on a date that falls between report dates, the assets should be placed in nonaccrual status as of the date it becomes 90 days past due and should remain in nonaccrual status until it meets the criteria for restoration to accrual status described above.

A debt is "well secured" if it is secured (1) by collateral in the form of liens on pledges of real or personal property, including securities, that have a realizable value sufficient to discharge the debt in full, or (2) by the guarantee of a financially responsible party. A debt is "in the process of collection" if collection of the debt is proceeding in due course either through legal action, including judgment enforcement procedures, or, in appropriate circumstances, through collection efforts that do not involve legal actions, provided they are reasonably expected to result in repayment of the debt or in its restoration to a current status.

Nonrelated Organization. Include all organizations that do not meet the definition for "related organizations."

Other Transfers of Assets (that is, not involving participations and not covered elsewhere in these instructions) are subject to the same kind of examination of the conditions of the transfer to determine reporting treatment in accordance with the general rule.

Participations. The issue of appropriate reporting treatment (as a sale or as a borrowing) arises, particularly in the case of participations. No single statement can be made about the required reporting treatment of participations in general, since the term participation is used in connection with a number of quite different arrangements. For example, it may refer to shares in a single loan, shares in a single financing, shares in a pool of similar loans, shares in a pool of dissimilar loans, or shares in liabilities or risks. The required reporting treatment depends upon the particular instruments being participated in. Participations in all instruments not specifically discussed are covered by the general rule.

Participations in Acceptances. The general requirement for the accepting organization to report on its balance sheet the full amount of the total obligation to put the holder of the acceptance in funds applies also, in particular, to any situation in which the accepting organization enters into any arrangement with others for the purpose of having the latter share, or participate, in the obligation to put the holder of the acceptance in funds at maturity.[3] In any such sharing arrangement or participation agreement, the existence of the participation or other agreement does *not* reduce its obligation to honor the full amount of the acceptance at maturity nor change the requirement to report the full amount of the acceptance in the liability and asset items cited above, regardless of its form or its contract provisions, regardless of the terminology (for example, funded, risk, unconditional, or contingent) used to describe it and the relationships under it, regardless of whether it is described as a participation in the customer's liability or the accepting organizations' obligation, and regardless of the system of debits and credits used by the accepting organization to reflect the participation arrangement.

The existence of such participations is *not* to be recorded on the balance sheet of the accepting organization that conveys shares in its obligations to put the holder of the acceptance in funds or on the balance sheets of the other parties that acquire such participations. However, the party acquiring the participation from the accepting organization must report the amounts of such participations in Off-

3 This discussion does not deal with participations in holdings of bankers acceptances, which are reportable under loans. Such participations are treated like any participation in loans, as described in the entry for "Sales of Loans and Receivables."

Balance-Sheet, Item 31.

Participations Other Than Syndications. Such participations may involve shares in a single loan or in a pool of loans or receivables. They may be prearranged, with a lead institution originating the transaction and--simultaneously (as prearranged with other participants) or at a later date--selling shares to others. The seller may acquire or accumulate assets for the express purpose of issuing participations or it may participate out loans or receivables it has acquired over time in the regular course of its credit operations. In any case, the assets subject to the participation are, in contrast to the situation in the case of the syndicated participations, usually recorded on the books of the originator prior to the distribution of shares in them.

The treatment of the transfer through the participation is determined in accordance with the general rule in light of the characteristics of the participation. When the terms (e.g., interest rate and maturity) of the participation are identical to those of the underlying asset, and the party selling the participation retains no differential risk and incurs *no* obligation other than to pass on to each participation purchaser its proportional share of whatever payments of principal and interest are collected, all parties to the participation agreement stand proportionally at risk. In accordance with the general rule, such transfer of loans or receivables through a participation should be reported as a sale and purchase of the underlying assets. Participations of this type are often characterized as "pass-through" or pure pass-through participations. However, since the term "pass-through" is sometimes appended to participations that do not satisfy both conditions of the general rule, the mere use of the term "pass-through" does not necessarily make a participation eligible for treatment as a sale.

In other situations, the terms of the participation differ from those of the underlying loans or receivables, *or* the institution transferring the participation incurs an obligation to the purchasing institution beyond that of passing through whatever payments of principal and interest are, in fact, made by the underlying obligor, *or* the transferring institution retains some risk of loss in connection with the assets transferred through the participation. For such participations, however named or characterized, the party transferring its loans or receivables through the participation must report the transaction as a borrowing from the party purchasing the participation (and retain the underlying asset on its reported balance sheet), and the party purchasing the participation must report the transaction as a loan to the party selling the participation.

Past Due. Grace periods allowed by the organization after a loan technically has become past due but before the imposition of late charges are not considered in determining past due status. Furthermore, loans and lease financing receivables are reported as past due when either interest *or* principal is unpaid in the following circumstances:

1 Closed-end monthly installment loans and lease financing receivables are reported as past due when the borrower is in arrears two or more monthly payments. (Thirty days may be used as a proxy for a month.) Other multi-payment obligations with payments scheduled other than monthly are to be reported as past due when one scheduled payment is due and unpaid for 30 days or more.

2 Open-end credit such as check credit and other revolving credit plans are reported as past due when the customer has not made the minimum payment for two or more billing cycles.

3 Amortizing real estate loans are reported as past due when the borrower is in arrears two or more monthly payments. (Reporters may use 30 days as a proxy for a month if they prefer.) Such obligations with payments scheduled other than monthly are to be reported as past due when one scheduled payment is due and unpaid for 30 days or more.

4 Single payment and demand notes providing for the payment of interest at stated intervals are reported as past due after one interest payment is due and unpaid for 30 days or more.

5 Single payment notes providing for the payment of interest at maturity are reported as past due after maturity if interest <u>or</u> principal remains unpaid for 30 days or more.

6 Unplanned overdrafts are reported as past due if the account remains continuously overdrawn for 30 days or more.

A full payment in computing past due status for consumer installment loans (both closed-end and open-end) is defined to include a partial payment equivalent to 90 percent or more of the contractual payment.

NOTE: The time period used for reporting past due status as indicated above may not in all instances conform to those used by federal bank regulators in bank examinations.

Related Organizations. Include (1) any organization that directly or indirectly controls the majority of the voting shares of the reporting organization, and (2) any organization the majority of whose shares are controlled, directly or indirectly, by the reporting organization or by the reporter's parent U.S. bank, bank holding company, or Edge or agreement corporation.

Restructured. Restructured loans and leases are those loans and leases whose terms have been modified, because of a deterioration in the financial position of the borrower, to provide for a reduction of either the interest or principal. Once an obligation has been restructured because of such credit problems, it continues to be considered restructured until paid in full or until such time as the terms are substantially equivalent to terms on which loans with comparable risks are being made. A loan extended or renewed at a stated interest rate equal to the current interest rate for new debt with similar risk is not considered a restructured loan. Also, a loan to a purchaser of "other real estate owned" by the reporting organization for the purpose of facilitating the disposal of such real estate is not considered a restructured loan.

Sales of Loans and Receivables. Sales of assets subject to repurchase agreements and federal funds transactions are treated elsewhere in these instructions. The following discussion deals only with transactions involving the sale of loans and receivables. For the purposes of these instructions, transactions involving the sale or loans and receivables (other than those enunciated above) may be reported differently depending upon (1) the nature of the transaction, (2) whether the reporting company is owned directly or indirectly by a U.S. commercial bank (rather than owned by a bank holding company and not through any subsidiary U.S. bank), and (3) certain characteristics of the sale. The key distinction between the various forms of such transactions is whether they must be reported as sales of the loans or receivables involved or as financing transactions.

Asset sales by companies not owned through a U.S. bank may be reported pursuant to FASB 77, using the same standards that are applied for reporting the transaction(s) by the U.S. bank holding company, which may permit sales with some recourse. Sales by companies owned by U.S. banks, however, must be reflected according to the instructions for that parent bank's call report. The following general rule currently applies for reporting such transactions by banks.

General Rule--A transfer of loans or receivables is reported as a sale by the transferring organization and a purchase by the "purchaser" *only if* the transfer satisfies **both** of the two general conditions:

1 The terms and conditions of the transfer are such that the loans or receivables are transferred *without recourse*, that the transferring party retains no risk of loss, and that it has no obligation to the party to whom the loan or receivable is

transferred for the payment of principal or interest (except in instances of incomplete documentation or fraud) resulting (a) from default of the original debtor, (b) from changes in the market value of the loan or receivable after such loan or receivable has been transferred, or (c) from any other cause; and

2 The terms and conditions of the transfer are such that the maturity, contract interest rate, and other terms of the instruments provided to the "purchasers" are identical to the maturity, contract interest rate, and other terms of the loan or receivables subject to the transfer (except for nominal and customary rate differentials associated with servicing of the loans or receivables).

Both conditions must be met for the transfer to be reported as a sale. In that case, the gain or loss on the sale must be recognized on the seller's "Report of Income" for the period in which the sale occurred. The seller will remove the loans or receivables transferred from its balance sheet and the purchaser will report the loans or receivables transferred in the Report of Condition in the time appropriate to those assets.

If either one of these general conditions is not met, then the transfer must be reported by the transferring party as a borrowing in Item 12, "Other Borrowed Money," on the balance sheet, not as a sale. Assets that are subject to the transfer shall be retained on the transferring party's balance sheet and be reported in the Report of Condition in the category appropriate to those assets. Similarly, the purchaser is to treat the transfer as a loan to the transferring institution, not as a purchase of the underlying asset. In this case, no gain or loss shall be recognized in the Report of Income of the transferring party.

The determination of whether, in a given transfer, any risk is retained by the transferring party is to be based upon the detailed specifications of the transfer agreement or other relevant documents. The presence of an explicit "sale with recourse" provision would, for purposes of the Report of Condition, establish the transaction as a borrowing, not a sale. However, the absence of a recourse provision, or even the presence of a statement to the effect that there is no recourse, will *not* establish the transaction as a sale if other conditions and provisions of the transfer are such as to leave the transferring party with residual risk or to result in a difference in terms between the underlying assets and the instrument of transfer.

Subsidiaries. According to Regulation K, "subsidiary" means an organization more than 50 percent of the voting shares of which is held directly or indirectly, or which is otherwise controlled or capable of being controlled, by the investor or an affiliate of the investor under any authority. Among other circumstances, an investor is considered to control an organization if the investor or an affiliate is a general partner of the organization or if the investor and its affiliates directly or indirectly own or control more than 50 percent of the equity of the organization.

Syndications. A syndication is a participation, usually involving shares in a single loan, in which several participants agree to enter into an extension of credit under a bona fide binding agreement that provides that regardless of any event, each participant shall be liable only up to a specified percentage of the total extension of credit or up to a specified dollar amount. In a syndication, the participants agree to the terms of the participation prior to the execution of the final agreement, and the contract is executed by the obligor and by *all* the participants, although there is usually a lead institution organizing or managing the operation. Large commercial and industrial loans, large loans to finance companies, and large foreign loans may be handled through such syndicated participations. Each participant in the syndicate, including the lead party, records its own share of the participated loan, and the total amount of the loan is not entered on the books of one party to be shared through transfer of loans. This type of participation thus does not give rise in its initial operation and distribution to the type of transfer to which the general rule is addressed. However, any subsequent transfer of shares, or parts of shares, in the syndicated loan would be subject to the general rule for determination of treatment as a sale of assets or a borrowing.