

DRAFT

WEEKLY REPORT OF ASSETS AND LIABILITIES FOR LARGE U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS

INSTRUCTIONS

Purpose of Report

This report provides current information on credit developments and sources of funds at U.S. branches and agencies of foreign banks *excluding* their International Banking Facilities (IBFs). These data are used to estimate bank credit and to analyze banking and monetary conditions.

Scope

The Weekly Report of Assets and Liabilities for Large U.S. Branches and Agencies of Foreign Banks (FR 2069) is similar to the quarterly Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002) required by the federal banking supervisory agencies. One major difference is that the FR 2069 collects data on the branch or agency *excluding* its *own* IBF. The position of the reporting branch or agency *with its own IBF is reflected* in the branch or agency's overall net due from/due to position with related depository institutions in different states and Federal Reserve Districts. In addition, the FR 2069 is abbreviated.

For purposes of the FR 2069, "U.S. branches and agencies" are those institutions domiciled in the 50 states of the United States and the District of Columbia. "Foreign banks" are those companies that are organized under the laws of a foreign (non-U.S.) country, Puerto Rico, or a U.S. territory or possession that engage in the business of banking. Each designated U.S. branch or agency is requested to submit a report whether state-chartered or federally-licensed, and in general, reports should not be consolidated for multiple branches or agencies of a given foreign bank. (For possible exceptions, please refer to the more detailed discussion of consolidation below.)

Consolidation

The consolidation procedure used on the FR 2069 is identical to that used on the FFIEC 002.

Each designated branch or agency of a given foreign bank is requested to file a separate report unless the foreign bank submitted a consolidated FFIEC 002 for two or more of its offices. In such cases a consolidated FR 2069 also should be filed.

Preparation of Reports

Report all amounts outstanding as of the close of business on Wednesday of each week. All dollar amounts should be reported to the nearest thousand. *Negative* entries are not appropriate. The completed report should be forwarded to the appropriate Federal Reserve Bank by the day and time specified on the FR 2069 reporting form.

Foreign (Non-U.S.) Currency-Denominated Transactions

Foreign currency-denominated assets and liabilities held at U.S. offices of a depository institution must be converted to U.S. dollars each reporting week under procedures stipulated below and included in the appropriate existing line items of the FR 2069. In principle, the conversion procedure stipulated below is the same as that used for the Report of Transaction Accounts, Other Deposits, and Vault Cash (FR 2900), altered only to reflect that the FR 2069 collects single-day data only (as of each Wednesday), not daily data. The conversion principles also apply to foreign currency-denominated transactions relating to any balance sheet item held at a depository institution's U.S. offices and included in the FR 2069.

Conversion to U.S. dollars. Transactions denominated in non-U.S. currency must be valued in U.S. dollars *each reporting week* at either the exchange rate prevailing on the Tuesday immediately preceding (that is, the day before) the Wednesday report date or the exchange rate prevailing on the Wednesday report date.

Regardless of which of the above two options is elected, the exchange rates to be used for this conversion are either the 10:00 a.m. rates quoted for major currencies by the Federal Reserve Bank of New York, or the noon buying rates certified by the Federal Reserve Bank of New York for customs purposes, or some other consistent series of exchange rate quotations. (If transactions are conducted in European Currency Unit (ECU) or some other currency basket, consistent series of exchange rate quotations either for the basket unit or for the corresponding individual exchange rates may be used.)

Once a depository institution chooses to value foreign currency transactions by using either the Tuesday method or the report day method, it must use that method consistently over time for all Federal Reserve reports. If at some future time thereafter the depository institution wishes to change its valuation procedure from one of these two methods to the other, the change must be applied to all Federal Reserve reports and then used consistently thereafter. Please notify your Federal Reserve Bank of any such change.

Definitions

In general, item definitions on the weekly report correspond to item definitions on the FFIEC 002. A table that indicates the item-by-item relationship between this report and the FFIEC 002 accompanies these instructions. Definitions for the items referenced in the FFIEC 002 are not repeated in these instructions for the weekly report. For such definitions, please refer to the instructions for preparation of the FFIEC 002.

As noted earlier, the office coverage of the FR 2069 excludes the respondent's IBF. Thus, unless otherwise indicated, references to the FFIEC 002 correspond to Column A (Total reporting branch or agency including its IBF) *minus* Column B (IBF only) of that report.

For items that do not correspond exactly to FFIEC 002 items, or where additional instructions are needed, supplementary instructions are provided below.

Supplementary Instructions

Item 2. Trading assets. U.S. Treasury securities and U.S. Government agency obligations held in trading assets should be reported in Item 2.a. All other *assets* held in trading assets should be reported in Item 2.b, including ~~revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts.~~

derivatives with a positive fair value held for trading purposes.

Item 5. Loans and leases. In conformity with their treatment on the FFIEC 002, loans (Items 5.a through 5.f) should be reported net of unearned income to the extent possible. Netting for any remaining unearned income (as is done on Schedule C, Part I, Item 10 of the FFIEC 002) should be performed on FR 2069 item 5.f, "All other loans." (That is, FR 2069 Item 5.f should be reduced by the amount of any remaining unearned income.)

Item 5.f. All other loans. This item includes loans to other depository institutions in the U.S., loans to banks in foreign countries, loans to foreign governments and official institutions, loans to other financial institutions, loans to state and local governments, loans to individuals for personal expenditures, all other loans not elsewhere classified, and lease financing receivables.

Along with loans to nonbank depository institutions and to other unrelated or related financial institutions whose primary purpose is to extend credit for business or personal purposes, this item also includes loans to investment banks and to bank and thrift holding companies. However, loans to nonbank brokers and dealers in securities (or to the dealer departments of investment banks) and loans to investment companies should be reported in Item 5.c, "Loans for purchasing or carrying securities (secured or unsecured) including loans to brokers and dealers." Resale agreements with nonbank brokers and dealers should be reported in Item 4.b.

This item also includes bankers acceptances created and held by the reporting branch or agency when the account party is a bank in a foreign country, or a foreign government or official institution. The treatment of such acceptances corresponds to their treatment on the FFIEC 002.

Also, see instructions above for Item 5 for treatment of unearned income.

Items 7 and 13. Net due from/due to head office and other related depository institutions in the U.S. and in foreign countries. For the reporting branch or agency, excluding its IBF, report only a single net position in either Item 7 or 13 that represents its net position with the head office and related depository institutions. *NOTE:* The net due from/due to position of the reporting branch or agency's *own* IBF with other related depository institutions is to be excluded from these items. The position of the reporting branch or agency *with its own IBF* is to be reflected in the overall net due from/due to position of the branch or agency. If the single net amount is a net due from, it should be entered in Item 7; if the single net amount is a net due to, it should be entered in Item 13. Under no circumstances should an amount be reported in both Items 7 and 13.

Item 8. Total assets. Report the sum of Items 1, 2.a, 2.b, 3.a, 3.b, 4.a, 4.b, ^{4.c}5.a, 5.b, 5.c, 5.e, 5.f, 6, and 7.

Item 10. Borrowings. This item consists of demand notes issued to the U.S. Treasury, federal funds purchased and securities sold under agreements to re-

Derivatives with a negative fair value held for trading purposes ↓

purchase, and other borrowed money. Borrowings to be included in Item 10 of the FR 2069 are equivalent to FFIEC 002 items (see attached tables).

For Item 10.a, see the Glossary section of the FFIEC 002 instructions for the definition of "Commercial Banks in the U.S."

For Item 10.b, include borrowings from all other entities, including a Federal Reserve Bank or Federal Home Loan Bank.

Item 14. Total liabilities. Report the sum of Items 9.a, 9.b, 10.a, 10.b, 11, 12, and 13.

If the reporting branch or agency has an IBF, then "Total assets," Item 8, and "Total liabilities," Item 14, of the FR 2069 may not equal their counterparts in the FFIEC 002 (Schedule RAL, Items 3 and 6, respectively) owing to the exclusion of the IBF's balances on the FR 2069 (except to the extent that they are included in Items 7 or 13).

Item M.1. ~~Revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts (included in Item 2.b above).~~ The frequency with which ~~revaluation gains~~ are restated (marked to market) may differ across reporting banks. Those that revalue weekly should report the appropriate amount each week in Item M.1. Those that revalue less frequently should report the most recent value of ~~"revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts"~~ until a new value becomes available.

Item M.2. ~~Revaluation losses on interest rate, foreign exchange rate, and other commodity and equity contracts (included in Item 11 above).~~ The frequency with which ~~revaluation losses~~ are restated (marked to market) may differ across reporting banks. Those that revalue weekly should report the appropriate amount each week in Item M.2. Those that revalue less frequently should report the most recent value of ~~"revaluation losses on interest rate, foreign exchange rate, and other commodity and equity contracts"~~ until a new value becomes available.

Item M.3. Commercial and industrial loans (corresponds definitionally to credit types covered by Item 5.e above). Outstanding principal balance of assets sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements. The conduits into which the loans are sold finance the purchase of the loans by issuing securities, often referred to as collateralized loan obligations, or sometimes collateralized bond obligations or collateralized debt obligations. The amounts reported should include all loans that have been sold and securitized and that are still outstanding. Because they have been reported as sold, these securitized commercial and industrial loans are no longer included as assets on the balance sheet of the reporting bank and thus are not reported in item 5.e above. This item is comparable to the FFIEC 002, Schedule S, Item 1, Column F.

Derivatives with a positive fair value held for trading purposes

Relationship of FR 2069 Items to Items on the Report of Assets and Liabilities
of U.S. Branches and Agencies of Foreign Banks (FFIEC 002)

FR 2069	FFIEC 002
ASSETS	
Item 1	Schedule RAL, Column A minus Column B, Item 1.a
Item 2.a	Schedule RAL, Column A minus Column B, Item 1.f(1)
Item 2.b	Schedule RAL, Column A minus Column B, Item 1.f(2)
Item 3.a	Schedule RAL, Column A, Items 1.b(1) + 1.b(2) + Column A minus Column B, Item 1.c(2)a
Item 3.b	Schedule RAL, Column A minus Column B, Items 1.c(1) + 1.c(2)b + 1.c(3) + 1.c(4)
Item 4.a	Schedule RAL, Column A minus Column B, Items 1.d(1)a + 1.d(2)a
Item 4.b + 4.c	Schedule RAL, Column A minus Column B, Items 1.d(1)b + 1.d(2)b
Item 5.a	Schedule C, Part I, Column A minus Column B, Item 1
Item 5.b	Schedule C, Part I, Column A minus Column B, Items 2.a(1) + 2.a(2)
Item 5.c	Schedule C, Part I, Column A minus Column B, Item 7
Item 5.d	Not applicable
Item 5.e	Schedule C, Part I, Column A minus Column B, Items 4.a + 4.b
Item 5.f ¹	Schedule C, Part I, Column A minus Column B, Items 2.b + 2.c(1) + 2.c(2) + 3 + 6 + 8 + 9.a + 9.b minus 10
Item 6	Schedule RAL, Column A, Items 1.g(1) + 1.g(2) + Column A minus Column B, Item 1.h
Item 7	See Supplementary Instructions.
Item 8	See Supplementary Instructions.
LIABILITIES	
Item 9.a	Schedule E, Column A, Item 7
Item 9.b	Schedule E, Column C, Item 7
Item 10.a	Schedule RAL, Column A minus Column B, Part of Items 4.b.(1)a + 4.b.(2)a from commercial banks + Schedule P, Column A minus Column B, Items 1.a + 1.b
Item 10.b	Schedule RAL, Column A minus Column B, Items 4.b.(1)b + 4.b.(2)b + Part of Items 4.b.(1)a + 4.b.(2)a from noncommercial banks + Schedule P, Column A minus Column B, Items 2.a + 2.b + 3
Item 11	Schedule RAL, Column A minus Column B, Item 4.e
Item 12	Schedule RAL, Column A, Item 4.d + Column A minus Column B, Item 4.f
Item 13	See Supplementary Instructions.
Item 14	See Supplementary Instructions.
MEMORANDA	
Item M.1 ¹	Schedule RAL, Column A minus Column B, Memo Item 10
Item M.2 ¹	Schedule RAL, Column A minus Column B, Memo Item 11
Item M.3¹	Schedule S, Column F, Item 1

1. See Supplementary Instructions.