

Country Exposure Report

as of _____

Charter Number (National Banks Only) _____

Reporting Institution _____

City _____ State _____

Name, title, and phone number of person to whom inquiries regarding this report may be directed:

Name

Title

Area Code/Phone Number

The Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation are of the view that individual bank information reported on this form is exempt from public disclosure under Section (b)(8) of the Freedom of Information Act (5 USC 552 (b)(8)). Accordingly, individual bank information reported on this form will be considered confidential and will not be voluntarily disclosed by the Office of the Comptroller of the Currency, the Federal Reserve System, or the Federal Deposit Insurance Corporation.

I, _____,
Name

_____, an authorized officer
Title

of the bank or bank holding company named above, hereby certify on the

_____ day of _____, 20 _____, that this

report has been examined by me and is true and complete to the best of my

knowledge and belief.

Signature

This report is required to be filed by national banks, State member banks and bank holding companies, and insured State nonmember commercial banks pursuant to authority contained in the following statutes:

Board of Governors of the Federal Reserve System—Section 11a of the Federal Reserve Act (12 USC 248a), Section 5c of the Bank Holding Company Act (12 USC 1844c), and Section 907 of the International Lending Supervision Act of 1983 (12 USC 3906); and

Comptroller of the Currency—the National Bank Act, as amended (12 USC 161);

Federal Deposit Insurance Corporation—Sections 7 and 10 of the Federal Deposit Insurance Act (12 USC 1817 and 1820)

All FFIEC 009 respondents should submit their completed report, via the Federal Reserve System's Internet Electronic Submission (IESUB) system, within 45 days of the reporting date. Any FFIEC 009 respondent who needs guidance is encouraged to visit the Federal Reserve System Web site <http://www.reportingandreserves.org/req.html> for additional information on IESUB.

Each report submitted should be signed and certified by an executive officer of the bank or holding company. "Executive Officer" is defined in 12 CFR 215.2(e)(1). To fulfill the signature and attestation requirement for the Country Exposure Report for this report date, attach this signature page (or a photocopy or a computer-generated version of this page) to the paper-copy record of the completed report that the respondent places in its files.

Public reporting burden for this collection of information is estimated to average 30 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. A Federal agency may not conduct or sponsor, and an organization (or a person) is not required to respond to a collection of information, unless it displays a currently valid OMB control number. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (7100-0035), Washington, D.C. 20503, and to one of the following:

Secretary
Board of Governors of the Federal Reserve System
Washington, D.C. 20551

Assistant Executive Secretary
Federal Deposit Insurance Corporation
Washington, D.C. 20429

Legislative and Regulatory Analysis Division
Office of the Comptroller of the Currency
Washington, D.C. 20219

Schedule 1: Country Exposure Report (Excluding Foreign Exchange and Derivative Products)

In Millions of U.S. Dollars

Before Completing This Form, Please Read Carefully the Instructions and Definitions for Preparation of This Report

Name of Reporting Institution _____

As of _____
Date

Cross-Border Claims															Net Due to (or Due from) Own Related Offices in Other Countries	Commitments	Commitments in Column (15) Head Office/ Guarantor in Another Country	Redistribution of Commitments in Column (16) to Country of Head Office/ Guarantor	Local Country Claims on Local Residents	Local Country Liabilities	Memorandum Items		
Country (a)	Code (b)	Banks (1)	Public (2)	Other (3)	Total (4)	Estimated Breakdown of Column (4) by Time Remaining to Maturity			Claims Reported in Columns 1-3 with Head Office/Guarantor Located in Another Country			Redistribution of Guaranteed Amounts Reported in Columns 8-10 to Country of Head Office/Guarantor									Amounts Reported in Column (4) After Adjustments in Columns (8-13) that Represent Assets Held for Trading	Trade Financing Reported in Columns (4) and (15)	
						One Year and Under (5)	Over One Year to Five Years (6)	Over Five Years (7)	Bank (8)	Public (9)	Other (10)	Bank (11)	Public (12)	Other (13)									
INT'L & REGIONAL																							
International	72907	xxxx		xxxx																			
West. European Regional	73903	xxxx		xxxx																			
East. European Regional	73904	xxxx		xxxx																			
Latin American Regional	74918	xxxx		xxxx																			
Asian Regional	75906	xxxx		xxxx																			
African Regional	76902	xxxx		xxxx																			
Middle Eastern Regional	77909	xxxx		xxxx																			
TOTAL INT'L & REGIONAL	79995	xxxx		xxxx																			
GRAND TOTAL (A) (B)	99996																						

(A) The Grand Total includes some amounts reported in Columns (8), (9), (10), even though, because of the special treatment of the UNITED STATES line, they do not appear in Columns (1), (2), and (3) of the report; similarly, in Column 16 with respect to Column 15.

(B) Because Columns (11), (12), and (13) are a redistribution of amounts reported in Columns (8), (9), and (10), the total for Columns (8), (9), and (10) should equal the total for Columns (11), (12), and (13). Likewise the total for Column (17) should equal the total for Column (16).

Schedule 2: Country Exposure Report – Foreign Exchange and Derivative Products

In Millions of U.S. Dollars

Before Completing This Form, Please Read Carefully the Instructions and Definitions for Preparation of This Report

Name of Reporting Institution _____

As of _____
Date

Country (a)	Code (b)	Revaluation Gains on Foreign Exchange and Derivative Products				Memorandum Net Positive Residual Exposure (5)	Local Country Claims on Local Residents (6)	Local Country Liabilities (7)
		Banks (1)	Public (2)	Other (3)	Total (4)			
LATIN AMERICA/ CARIBBEAN								
Argentina	30104							
Bahamas	35319							
Barbados	30155							
Belize	35718							
Bermuda	35602							
Bolivia	30201							
Brazil	30309							
British West Indies	36005							
Cayman Islands	36137							
Chile	30406							
Colombia	30503							
Costa Rica	30589							
Cuba	30708							
Dominican Republic	30805							
Ecuador	31003							
El Salvador	31089							
Falkland Islands	36307							
Fr. W. Indies & Fr. Guinea	36609							
Grenada	36706							
Guatemala	31208							
Guyana	31305							
Haiti	31402							
Honduras	31488							
Jamaica	31607							
Mexico	31704							
Netherlands Antilles	37206							
Nicaragua	31801							
Panama	31887							
Paraguay	32107							
Peru	32204							
Suriname	37702							

Country (a)	Code (b)	Revaluation Gains on Foreign Exchange and Derivative Products				Memorandum Net Positive Residual Exposure (5)	Local Country Claims on Local Residents (6)	Local Country Liabilities (7)
		Banks (1)	Public (2)	Other (3)	Total (4)			
LATIN AMER/CARIB (cont'd)								
Trinidad and Tobago	32409							
Uruguay	32603							
Venezuela	32719							
Other Latin Amer/Carib	39004							
TOTAL LATIN AMER/CARIB	39993							
ASIA/MIDDLE EAST								
Afghanistan	40401							
Bahrain	40703							
Bangladesh	40746							
Bhutan	40819							
Brunei	41009							
Burma	41106							
Cambodia	41203							
China: Mainland	41408							
Taiwan	46302							
Hong Kong	42005							
India	42102							
Indonesia	42218							
Iran	42307							
Iraq	42404							
Israel	42501							
Japan	42609							
Jordan	42706							
Korea	43001							
Kuwait	43109							

Schedule 2: Country Exposure Report – Foreign Exchange and Derivative Products

In Millions of U.S. Dollars

Before Completing This Form, Please Read Carefully the Instructions and Definitions for Preparation of This Report

Name of Reporting Institution _____

As of _____
Date

Country (a)	Code (b)	Revaluation Gains on Foreign Exchange and Derivative Products				Memorandum Net Positive Residual Exposure (5)	Local Country Claims on Local Residents (6)	Local Country Liabilities (7)
		Banks (1)	Public (2)	Other (3)	Total (4)			
ASIA/MID. EAST (cont'd)								
Laos	43303							
Lebanon	43419							
Macau	43508							
Malaysia	43605							
Maldives	43702							
Mongolia	43818							
Nepal	44202							
North Korea	44407							
Oman	44105							
Pakistan	44709							
Philippines	44806							
Qatar	45101							
Saudi Arabia	45608							
Singapore	46019							
Sri Lanka	41319							
Syria	46205							
Thailand	46418							
United Arab Emirates	46604							
Vietnam	46906							
Yemen	47104							
Other Asia/Middle East	48909							
TOTAL ASIA/MID. EAST	49999							
AFRICA								
Algeria	50105							
Angola	50202							

Country (a)	Code (b)	Revaluation Gains on Foreign Exchange and Derivative Products				Memorandum Net Positive Residual Exposure (5)	Local Country Claims on Local Residents (6)	Local Country Liabilities (7)
		Banks (1)	Public (2)	Other (3)	Total (4)			
AFRICA (cont'd)								
Benin	51802							
Botswana	50504							
Burkina	57118							
Burundi	50806							
Cameroon	51004							
Cape Verde	51209							
Central African Republic	51306							
Chad	51403							
Comoros	51519							
Congo (Brazzaville)	51608							
Congo (Kinshasa), former Zaire	51705							
Djibouti	52302							
Egypt	57002							
Equatorial Guinea	51942							
Ethiopia	52108							
Gabon	52418							
Gambia, The	52507							
Ghana	52604							
Guinea	52701							
Guinea-Bissau	54402							
Ivory Coast	53007							
Kenya	53104							
Lesotho	53155							
Liberia	53201							
Libya	53309							
Madagascar	53406							
Malawi	53503							
Mali	53589							
Mauritania	53708							
Mauritius	53805							

Country Exposure Report

FFIEC 009

Instructions

Part I—Introduction and Summary Description

This report provides information on the distribution by country of foreign claims held by United States banks and bank holding companies. The individual returns are regarded as confidential and will not be voluntarily disclosed to the public. However, aggregated data that do not reveal the activities of individual banks will be published. Portions of the aggregated data are also reported to the Bank for International Settlements as part of an international cooperative effort to compile and publish world-wide data on cross-border claims.

The information required in the report is summarized below. More precise descriptions, definitions, and instructions appear in Parts II, III, and IV of these instructions. The definitions of items are generally consistent with definitions used in the Instructions for Preparation of the Consolidated Reports of Condition and Income for Insured Commercial Banks with Domestic and Foreign Offices (FFIEC 031). Any differences from the definitions used in those reports are noted in the appropriate paragraphs of these instructions.

The report contains two schedules: schedule 1 collects information on the respondent's country exposure excluding claims resulting from foreign exchange and derivative products, which are reported in schedule 2; schedule 2 collects information on the respondent's country exposure resulting from revaluation gains on foreign exchange and derivative contracts held in the trading account.

Schedule 1 has six sections: the first (columns 1–13) calls for information on the respondent's cross-border claims on foreigners; the second (column 14) calls for

the net position of the respondent's offices in each country vis-à-vis its offices in other countries; the third (columns 15–17) calls for information on off-balance sheet contingencies and commitments; the fourth (columns 18–19) calls for information on activities of the respondent's offices in foreign countries; the fifth (column 20) calls for reported exposures attributable to securities and other assets (excluding revaluation gains) held in the respondent's trading account; and the sixth (column 21) calls for trade finance amounts reported in columns 4 and 15. In all of these sections the information is required on an individual country basis.

Column 4 of schedule 1 calls for total direct "cross-border claims" detailed by the country of residence of the borrower. This total for each country is broken down in two ways: first, by the sector of borrower (bank, public, and all other) in columns 1–3; second, by maturity in columns 5–7. Columns 8–10 and 11–13 indicate the extent to which the ultimate source of repayment may be in a country other than the country of domicile of the direct borrower as reported in columns 1–4. Thus, column 8 identifies those claims on banks reported in a particular country entry in column 1 that are guaranteed by parties in other countries. (Claims on bank branches and agencies are assumed to carry the credit "guarantee" of their head office. Note: Henceforth, "branches and agencies" will be referred to as "branches"). For each country line, the entry in column 8 is a component of column 1; similarly the country entries in columns 9 and 10 are components of columns 2 and 3, respectively. In columns 11–13, all the entries of columns 8–10 are reallocated to the country lines of the guarantors, but with columns 11–13 distinguishing the claims by sector of the guarantor, in contrast to the identification of the sector of the direct obligor in columns 8–10. The grand total of columns 11–13 (including appropriate entries on the U.S. line) must equal the grand total of columns 8–10, but because of the shift from identification of

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obligor to identification of guarantor, the separate totals of columns 11–13 will not necessarily equal the respective separate totals of columns 8–10.

Schedule 2 has three sections: The first section (columns 1–4) calls for the respondent’s outstanding claims on foreigners that represent the revaluation gains from the marking to market of interest rate, foreign exchange, and other off-balance sheet commodity and equity contracts held for trading purposes. This total for each country is broken down by the sector of borrower (bank, public, and all other). The second section (column 5), a memorandum item, identifies the claims on bank obligers’ branch offices that represent transfer risk remaining in the countries in which the branches are located. (As in schedule 1, claims on bank branches are assumed to carry the credit “guarantee” of their head office). The third section (columns 6–7) is optional and calls for foreign office revaluation gains on local residents (local country assets) and foreign office revaluation losses that represent legal liabilities solely of the foreign office (local country liabilities).

Part II—General Instructions

A. Who Must Report

The Country Exposure Report is required each quarter for commercial banks and/or bank holding companies meeting the criteria listed below. Respondents must also complete Schedule 2 of the report if they show on the Call Report as of December 31 of the previous year: a) total gross notional amount of derivative contracts held for trading (item 12, columns A, B, C, and D on Schedule RC-L) in excess of 10 billion dollars, OR; b) gross fair values of derivative contracts held for trading (items 14(a)(1) or 14(a)(2), columns A, B, C, and D on Schedule RC-L) in an amount greater than 5 percent of their total assets. All institutions meeting the reporting requirements for Schedule 2 must also submit Schedule 1.

The reporting criteria for Schedule 1 is as follows:

- (1) Every U.S. chartered insured commercial bank in the 50 States of the United States, the District of Columbia, Puerto Rico, and U.S. territories and possessions, that meets *both* of the following criteria:
 - (a) has at least one of the following:

- branch in a foreign country;
- a majority-owned subsidiary in a foreign country;
- an Edge or Agreement subsidiary
- a branch in Puerto Rico or in any U.S. territory or possession (except that a bank with its head office in Puerto Rico or any U.S. territory or possession need not report if it meets only this criterion);
- an International Banking Facility (IBF);

and

- (b) has, on a fully consolidated bank basis, total outstanding claims on residents of foreign countries exceeding \$30 million in aggregate.
- (2) Every U.S. bank holding company that is required to file the FR Y-6 report (Bank Holding Company Annual Report) *and* that owns only one bank satisfying the bank reporting criteria in item 1:
 - (a) *must* file the report on a fully consolidated holding company basis *if* the subsidiary bank accounts for less than 90 percent of the consolidated holding company’s total claims on foreigners; in this case, no report need be filed for the individual bank;
 - (b) *may* file the report, at its option, for either the individual bank on a fully consolidated bank basis, or for the holding company on a fully consolidated bank holding company basis (with no report for the bank), *if* the subsidiary bank accounts for 90 percent or more of the consolidated holding company’s claims on foreigners.
 - (3) Every U.S. bank holding company that is required to file the FR Y-6 (Bank Holding Company Annual Report) *and* that owns two or more banks satisfying the bank reporting criteria:
 - (a) *must* file a separate report on a consolidated bank basis for each bank that meets the reporting criteria; *and*
 - (b) *must* file a report for the bank holding company on a consolidated holding company basis *if* reporting subsidiary banks account for less than 90 percent of the consolidated company’s total claims on foreigners.

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- (4) Every Edge and/or Agreement corporation that has total outstanding claims on residents of foreign countries exceeding \$30 million, *unless* it is majority-owned by a bank that must file the Country Exposure Report on a consolidated basis as specified in item 1.

The bank regulatory authorities may specifically require the report (schedules 1 and/or 2) to be filed by other banking organizations that the authorities deem to have large country exposures relative to their capital funds.

B. Reporting Basis

For an institution meeting the criteria for reporting described above, the information reported should cover all its U.S. offices, IBFs, foreign branches, branches in Puerto Rico and U.S. territories and possessions, and significant majority-owned bank and nonbank domestic and foreign subsidiaries, including Edge and Agreement subsidiaries. The information should be reported on a fully consolidated basis. For reports from banks, the scope of coverage and the consolidation of information should be in accordance with the procedures and tests of significance set forth in the instructions for preparation of the FFIEC 031. For reports from bank holding companies, the information should be consolidated in accordance with the principles set forth in the Instructions to the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C).

C. Filing of Reports

The report is to be prepared quarterly, as of the end of March, June, September and December. All respondents should submit their completed report, via the Federal Reserve System's Internet Electronic Submission (IESUB) system, within 45 days of the reporting date.

The Federal Reserve district banks will provide technical assistance to any respondent who needs guidance creating files for their initial 009 submission via IESUB. Any FFIEC 009 respondent who needs guidance is encouraged to visit the Federal Reserve System Web site <http://www.reportingandreserves.org/req.html> for additional information on IESUB. The Web site also includes a link that respondents may use to contact their local Federal Reserve district bank.

Each report submitted should be signed and certified by an executive officer of the bank or holding company. "Executive Officer" is defined in 12 CFR 215.2(e)(1).

To fulfill the signature and attestation requirement for the Country Exposure Report for this report date, attach the signature page (or a photocopy or a computer-generated version of this page) to the paper-copy record of the completed report that the institution places in its files.

D. Reporting in Dollars

All amounts should be reported in U.S. dollars regardless of the currencies in which the transactions reported are denominated. The translations should be made on the same basis as used by the reporter to prepare its (or its subsidiary bank's) FFIEC 031. Zero dollar values should not be entered. Such cells should remain blank.

E. Rounding

Round all amounts reported on this form to the nearest million dollars.

Part III—Definitions of Concepts used in the Report

A. Claims

The term "claims" used in this report includes the following types of assets, as defined in the instructions for preparation of the FFIEC 031: Please note that all claims are not reported in all columns. Refer to specific instructions for each column.

- Deposit balances, both interest-bearing and non-interest bearing with:
 - banks in foreign countries
 - foreign branches of other U.S. banks
 - foreign branches of foreign banks
 - U.S. branches of foreign banks
- Balances with foreign central banks and foreign official institutions
- Foreign securities held for the respondent's own account
- Federal funds sold to foreigners, U.S. branches of foreign banks, or other U.S. entities that are branches of a foreign company or where repayment is guaranteed by a foreign entity
- Loans to or guaranteed by non-U.S. addresses
- Holdings of acceptances of foreign banks

- Foreign direct lease financing
- Investments in unconsolidated foreign subsidiaries and associated companies
- Revaluation gains on interest rate, foreign exchange, equity, commodity and other off-balance sheet contracts (Reported in schedule 2)
- Customers' liability on acceptances outstanding where the account party is foreign
- Accrued income on credits extended to or guaranteed by non-U.S. addressees (including interest, commissions and income earned or accrued and applicable to current or prior periods, but not yet collected)
- Resale agreements
- Asset sales with recourse
- Participations and syndications of loans

Securities held in the available-for-sale portfolio should be reported at amortized cost for the purposes of this report. The total claims on foreigners that must be reported cover cross-border claims as defined in paragraph B, and foreign office local country claims as defined in paragraph G. Premises, Other Real Estate Owned, and Goodwill should be excluded from claims for the purposes of this report.

B. Cross-border Claims

For purposes of this report, the cross-border claims of each reporting institution cover:

- all claims (as defined in Part III, definition A) of its U.S. offices (including IBFs, Edge and Agreement corporations, and offices in Puerto Rico and U.S. territories and possessions) with residents of foreign countries regardless of the currency in which the claim is denominated; and,
- all claims of each of its offices in a foreign country with residents of other foreign countries regardless of the currency in which denominated.

Since the reports are on a fully consolidated bank (or fully consolidated holding company) basis, cross-border claims exclude any claims against those foreign branches or foreign subsidiaries that are part of the consolidated bank (or consolidated holding company). However, claims on unconsolidated subsidiaries of the reporting

institution would be reported. Thus, if a report is filed on a consolidated bank basis, claims on foreign subsidiaries of its parent holding company would be reported, since such companies would not be included in consolidated reports of the bank.

C. Guaranteed Claims

Columns 8–10 and 11–13 ask for information on the claims reported in columns 1–3 that are “guaranteed” by residents of other countries. For the purposes of this report, “guaranteed” claims are those cross-border claims, as defined above, which a third party located outside of the country of the obligor formally and legally obligates itself to repay if the direct obligor fails to do so. Exclude guarantees that do not cover transfer risk. For purposes of this report, claims on a branch (but not on a subsidiary) of a banking organization are considered as being guaranteed by the head office of the organization. Acceptances where the accepting bank has sold a risk participation are considered to be guaranteed by the purchaser of the participation for the amount of the participation sold. Documents that do not establish firm legal obligations, such as “comfort” letters, letters of awareness, or letters of intent, are not considered guarantees for the purpose of this report. (As used here, “comfort” and other such letters are, by definition, not legally-binding on the issuer. If the respondent’s legal counsel has determined that these documents are binding based upon relevant state and national laws, they should be treated not as “comfort” letters but, indeed, as guarantees.) Insurance policies that cover specific assets and that guarantee payment if the borrower defaults or if non-convertibility occurs for any reason should be treated as guarantees. The term “guaranteed” also covers collateralized claims if the collateral is (a) tangible and liquid, including readily-marketable shares of stocks or bonds *and* (b) is *both* held and realizable outside of the country of residence of the borrower. In cases involving collateral, the residence of the “guaranteeing” party, for purposes of the report, is the country in which the collateral is held unless the collateral is stocks or bonds, in which case it is the country of residence of the party issuing the security. If the collateral consists of a basket of convertible currencies or investment grade securities of different countries, the exposure may be reported on the “Other” line (for example, “other Latin America”) that most closely represents the geographical composition of the basket. Assets such as real estate and accounts

receivable are not liquid or tangible assets. Although only liquid, tangible and readily realizable assets may be listed in columns 8 through 10 and columns 11 through 13, the Federal banking agencies will consider the protection afforded by other assets to the reporting bank's country exposure claims when appraising each bank's country exposures.

See Section K for a discussion of the treatment of credit derivatives.

D. Shipping Credits

Shipping credits should be allocated in columns 1–3 to the country in which the primary source of repayment resides. In cases where there is no long-term charter, such as a vessel operating in the spot market or a liner vessel, the allocation should be to the country of residence of the ultimate shipowner.

Exceptions may be made where it is judged that the source of repayment of the credit may be other than in the country of residence of the ultimate shipowner.

Where a shipping credit is repayable principally from the proceeds of the charter assigned to the bank, the allocation should be to the domicile of the charter.

E. Contingencies and Commitments

Report only those commitments for which the respondent has charged a commitment fee or other consideration, or otherwise has a legally binding commitment. Include cross-border underwriting commitments when the customer accepts the commitment offered by the banking institution. Exclude "best efforts" letters and letters in which the pricing is indicative and not determined until launch date because the banking institution does not become legally committed until launch date (i.e., after price is finally determined and agreed with the customer). The term "best efforts" refers to letters issued by the banking institution whereby it agrees to try to sell a certain volume of assets at a desired price. If the market rejects the desired price, the banking institution has no commitment to buy the assets for its own account. In case of commitments for syndicated loans, report only the bank's proportional share of the commitment. Similarly, contractual underwriting commitments (e.g., revolving underwriting facilities) and other bond underwriting agreements may be shown net of firm commitments from other parties to purchase the assets without

recourse within a short and specific period of time. Accordingly, the respondent should also include its obligations to participate in syndicated loans and underwritings managed by other institutions.

See Section K for a discussion of the treatment of credit derivatives.

F. Trade Financing

Report in column 21 total extensions of credit with maturities one year and under that are included in columns 4 and 15 *and* that: (1) are directly related to imports or exports and (2) will be liquidated through the proceeds of international trade. Provided these two conditions are met, such extensions of credit may include customers' liability on acceptances outstanding, own acceptances discounted, acceptances of other banks purchased, pre-export financing where there is a firm export sales order, commercial letters of credit, as well as other loans and advances whenever such extensions directly relate to international trade.

G. Foreign-office Local Country Activities

For purposes of this report, "foreign-office local country-activities" cover claims (column 18) on residents of the same country in which that office is domiciled and liabilities (column 19) of a foreign office that represent legal liabilities solely of that foreign office. For example, deposits received in a foreign branch are assumed to be the obligations solely of that branch. Other foreign office liabilities may require documentation to qualify as local country liabilities. Since the report is consolidated, local country assets exclude any claims on other offices of the consolidated reporting institution that are in the same country.

H. Country Lines (including international and regional institutions)

Report information by country or by international and regional institution. Column (a) of the report names the countries and international institutions for which the information is required, arranged by geographical area, and column (b) lists their codes that are used to process the data.

The report form identifies (a) international and regional organizations, (b) individual countries and (c) other

geographic regions (e.g., Other Europe, Other Latin America, Other Asia/Middle East, Other Africa and All Other Countries). Claims on such international & regional organizations, even if located in the United States, should be reported opposite the line “International,” “West European Regional,” “East European Regional,” “Latin American Regional,” “Asian Regional,” “African Regional,” or “Middle Eastern Regional,” as appropriate. The regional entries cover organizations that are regional in scope such as the European Coal and Steel Community (Western Europe), the Inter-American Development Bank (Latin America) or the Asian Development Bank (Asia). The “International” entry covers organizations of a global character, such as the International Monetary Fund and the World Bank. However, for purposes of this report, the Bank for International Settlements and the European Fund are to be treated as “Other Europe,” and not as “International” or “Regional.” All international and regional institutions are to be reported to the “public.”

The country lines for individual countries must be completed when the domicile country of the obligor or guarantor can be readily identified. Reporting to these lines will be used to compute the reporting institutions’ exposure to specific countries.

The country lines for other geographic regions may be completed when the domicile country of the obligor or guarantor cannot be readily identified. This would include, for example, investments in global funds, claims collateralized by a basket of convertible currencies or investment grade securities of different countries and claims collateralized by a pool of securities that changes daily.

The classification of claims on entities which are unique in structure and may not fit precisely into a single country exposure category will be considered on a case-by-case basis by the federal banking agencies.

In addition to lines for foreign countries and international organizations, schedule 1 includes a line for the United States. This line is used only for entries in columns 8–13 and columns 16 and 17 on schedule 1 (in all other columns, the United States line is blocked out on the schedule. The United States line is also blocked out for all columns on schedule 2.). The use of the United States line on schedule 1 is explained below in the instructions to specific columns. For purposes of this

line, “United States” is defined as the 50 states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, Guam, Johnston Atoll, Kingman Reef, Midway Islands, the U.S. Virgin Islands and Wake Island.

I. Sector Definitions

The following sectors are used in the reporting of obligors and guarantors (columns 1–3, 8–13 of Schedule 1 and columns 1–3 of Schedule 2):

- (1) Banks (schedule 1: columns 1, 8, and 11; schedule 2: column 1) For the purposes of this report, the term “bank” covers the following institutions: commercial banks, savings banks, discount houses, and other similar institutions accepting short-term deposits. It includes banking institutions owned by foreign governments unless such institutions function as central banks or banks of issue, in which case they are treated as “public” institutions. The definition of banks here is identical to that used for “banks, U.S. and foreign” in the Report of Condition.
- (2) Public (schedule 1: columns 2, 9, and 12; schedule 2: column 2) The term “public” covers the following foreign institutions: central governments and departments of central governments of foreign countries and their possessions, foreign central banks, stabilization funds, exchange authorities, and government-owned banks that perform the functions of a central bank or a bank of issue; corporations and other agencies of central governments, including development banks, development institutions, and other agencies whose shares are majority-owned by the central government or its departments; state, provincial and local governments of foreign countries and their departments and agencies; and nonbank commercial enterprises that are majority-owned by central governments. Banking institutions owned by governments that do not function as the central bank and/or banks of issue are excluded from the public sector and are to be reported as “Banks.” The “public” columns also include any international or regional organization or subordinate or affiliated agency thereof, created by treaty or convention between sovereign states.

- (3) All Other (schedule 1: columns 3, 10 and 13; schedule 2: column 3) All other covers persons, businesses, and institutions other than “banks” and “public” as defined above.

J. Assets Held in Trading Account

Report in column 20 the fair value of the respondents total trading account exposures that are included in column 4 after adjustments in columns 8–13. Banks that (a) regularly underwrite or deal in securities and other assets for resale, (b) acquire or take positions in such items principally for the purpose of selling in the near term or otherwise with the intent to resell in order to profit from short-term price movements, or (c) acquire or take positions in such items as an accommodation to customers or for other trading purposes shall report in this column the value of such assets or positions on the report date. Exclude available-for-sale securities and any loans or leases that are held for sale. Do not include revaluation gains, which are reported in schedule 2.

K. Credit Derivatives

Reporting institutions should treat credit derivative contracts in the form of off-balance sheet, bilateral OTC swaps and options (including credit default swaps and options, total return swaps and sovereign risk options) as guarantees for purposes of this report if the institution considers the arrangement to be an effective guarantee based on its internal criteria and the contract contains provisions to pass the transfer risk to the counterparty. A reporting institution’s internal criteria should, at a minimum, include provisions that:

- ensure the terms of credit derivatives provide an effective guarantee, even in the case of a maturity mismatch,
- prohibit clauses that reduce the effectiveness of the guarantee in the case of default,
- contain effectual events of default, and
- reference the same legal entity.

When the reporting institution is the beneficiary of a contract that it considers to be an effective guarantee and that contains provisions to pass the transfer risk to the counterparty, the underlying exposure may be shifted from the original country of the obligor in columns 8–10,

to the country of the guarantor (or to the country where the related collateral is located) in columns 11–13. Please note that in the case where the reporting institution is a beneficiary, credit derivatives held in trading accounts should be reflected in columns 8–10 and based on the reported amount of underlying exposure rather than revaluation gains. In addition, any revaluation gains stemming from credit derivatives should be included in the amounts reported on Schedule 2. Note that credit derivatives are subject to the same general reporting instructions that apply to Schedule 1 and Schedule 2. When the reporting institution is the guarantor on a credit derivative contract, the transaction should be reported as a commitment in column 15. The amount reported in column 15 should be the contract amount less any revaluation losses that have been recognized in the reporting institution’s earnings.

Part IV—Instructions for Specific Columns of the Report

SCHEDULE 1: Exclude claims resulting from foreign exchange and derivative contracts held in the trading account.

Columns 1 to 4: Cross-Border Claims

Report in column 4 on the country line of the country of residence of the borrower, or on the international or regional lines as appropriate, the total of all cross-border claims (as defined in Part III, definitions A and B). Distribute these claims for each country among columns 1, 2 and 3, depending on whether the borrower is a “bank,” “public,” or “other” type of borrower, as defined in Part III, definition I. However, if the credit is guaranteed by another sector in the same country, report the amount in the sector to which the respondent looks for the ultimate source of repayment. Banks reporting outstanding claims on foreign borrowers must report such claims that are collateralized by assets on a **gross** basis in columns 1–4 on schedule 1 of the Country Exposure Report (FFIEC 009). Claims should not be reported on a **net** basis after deduction of the value of the collateral.

Do not report in columns 1–4 any foreign office local and non-local currency claims on local residents, as defined in Part III, definition G. These claims should be reported

in column 18. However, include foreign office local or non-local currency claims on local residents that are guaranteed by residents of other countries and include foreign office local or non-local currency claims on a branch or agency of a banking organization as these are considered guaranteed by the head office. Refer to Part III, definition C, for a definition of “guaranteed” claims. Exclude from columns 1–4 revaluation gains (or losses) on foreign exchange and derivative contracts held in the trading account. These should be reported only in schedule 2.

Also exclude cross-border claims that are funded by a third party if the funds provider expressly agrees to assume the transfer risk as verified by appropriate documentation.

No entries are to be made in columns 1–4 for claims on obligors in the United States (as defined in the last paragraph of Part III, definition H), including U.S. branches of foreign banks. (The U.S. line is blocked out for these columns).

In column 1, report all claims on banks, including the reporting institutions’s holdings of acceptances of foreign banks, and all claims on foreign branches of other U.S. banks. The amounts reported for each country should be based on the location of the *office* on which the respondent has the direct claim, not on the location of that bank’s head office. Do not report claims on U.S. branches of foreign banks in column 1.

In column 2, see Part III, definition H for the appropriate lines on which to enter claims on international and regional organizations.

Columns 5 to 7: Estimated Breakdown of Column 4 by Time Remaining to Maturity

Report in columns 5–7 an estimated breakdown by time remaining to maturity of total claims reported in column 4 for each country and international or regional institution line unless as specified below. The breakdowns are one year and under, 1–5 years, and over five years. This maturity distribution should reflect amortization or final maturity dates, as appropriate, and *not* interest adjustment dates or roll-over dates. Loans that are payable on demand should be reported in the column for maturities of one year and under (column 5). Loans for which scheduled repayments fall in more than one maturity

should be distributed to the appropriate maturity columns so as to reflect scheduled amortization.

For example, the entries for a 7 year loan in the amount of \$14 million that is repayable annually in equal installments, with the first installment due within one year of the date of the report, would be:

col 5	col 6	col 7
2	8	4

The following claims should be reported as described below:

Equity Investments

- (1) Marketable equity investments, both trading and available-for-sale, should be reported as maturing under one year (column 5) because they are liquid investments.
- (2) Non-marketable equity securities held in the “available for sale” portfolio should be reported as maturing in over five years in column 7, unless the reporting institution has a definite plan to sell the securities within a specific time period. In such instances, report according to the expected holding period.
- (3) Report investments in affiliates (ownership of 20 percent, but less than 50 percent) as maturing in over five years in column 7.
- (4) Equity investments obtained from debt-for-equity swaps should be reported according to the expected holding period.

Debt Instruments

- (1) Debt securities held in the trading account should be reported in the under one year category in column 5 as these securities are liquid instruments.
- (2) Debt securities held in the available for sale portfolio should be reported according to the contractual maturity date unless the reporting institution has a definite plan to sell the securities within a specified time period. In such instances, report according to the expected holding period. Restructured debt should be reported as long term if banking institutions do not have a definite plan to sell the securities.
- (3) Debt instruments held to maturity should be reported according to the remaining contractual maturity date.

Column 8: Claims on Banks Reported in Column 1 with Head Office or Guarantor(s) Located in Another Country(s)

Report in column 8 on each country line the amounts reported in column 1 for that line that represent (1) claims on a branch or agency of a bank whose “head office” is located in another country (including the United States), and (2) claims on a locally-chartered bank where the claim is guaranteed (as defined in Part III, definition C) by a bank or other guarantor in another country (including the United States), or by an international institution. Claims on banks that are subsidiaries of banks in other countries are not to be reported in column 8 unless an explicit formal and legal guarantee is involved.

For each foreign country line, the entries in column 8 are components of the entries in column 1 on the corresponding line. Note that in addition to the foreign country lines, column 8 also calls for an entry to the United States line. The entry on this United States line in column 8 is *not* a component of any entry in column 1. On the United States country line under column 8, report claims on: (1) U.S. branches of foreign banks, and (2) foreign-owned U.S. banking organizations where the claim carries the formal guarantee of a foreign resident. These foreign-owned organizations include some U.S. commercial banks, as well as New York investment companies engaged in banking.

No entries are made in column 8 on the international institution lines as, by definition, there are no claims on “banks” reportable in column 1 on those lines, since international institutions and regional organizations are defined as “public.” (These columns are blocked out for these lines on the form.)

Column 9: Claims on Public Borrowers Reported in Column 2 with Guarantor(s) Located in Another Country(s)

Report in Column 9 those claims on “public” entities (column 2) that are guaranteed (as defined in Part III, definition C) by bank, public and nonbank “residents” of other countries (including the United States). On the U.S. line in column 9, report claims on U.S. public sector borrowers that are guaranteed by residents of other countries. The entry on the U.S. line of column 9 is not a component of column 2; however, all other country

entries in column 9 are components of the entries on the corresponding lines of column 2.

Column 10: Claims on all Other Borrowers, Reported in Column 3 with Guarantor(s) Located in Another Country(s)

Report in Column 10 those claims on non-bank and non-public borrowers reported in column 3 that are guaranteed (as defined in Part III, definition C) by residents of other countries (including the United States). On the U.S. line in column 10 report claims on U.S. residents that are guaranteed by residents of other countries. The entry on the United States line of column 10 is not a component of column 3; however, all other country entries in column 10 are components of the corresponding lines of column 3.

Columns 11 to 13: Redistribution of Guaranteed Amounts Reported in Columns 8–10 to Country of Guarantor or of Head Office

The amount of claims by the sector and country of obligor that were guaranteed by parties in other countries is reported in columns 8–10. Columns 11–13 redistribute these amounts to the sectors and countries of the guarantors.

For example, the respondent’s direct claims on a private manufacturer in Hong Kong guaranteed by a bank in Japan would be reported in column 3 on the line for Hong Kong and in column 10, “claims on all other borrowers” on the line for Hong Kong and then would be reallocated to the column for bank guarantor (column 11) and to the line for Japan. A \$10 million claim with these characteristics would be reflected in the report as follows:

	col 1	col 3	col 8	col 10	col 11	col 13
Hong Kong ...	—	10	—	10	—	—
Japan	—	—	—	—	10	—

Because of the two aspects of the redistribution (i.e., from sector and country of obligor to sector and country of guarantor, there is no necessary relationship between any sector pair of columns (e.g., columns 8 and 11). However, the grand total of columns 11 to 13 must equal the grand total of columns 8 to 10.

Note that (in most cases) a claim on one sector of a foreign country that is guaranteed by another sector in

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the same country has already been allocated to the sector of guarantor in columns 1 to 3 and does not need to be reported in columns 8 to 10 or reallocated in columns 11 to 13. Identification of guaranteed amounts in columns 8 to 10 and 11 to 13 is done only for guaranteed sector claims where the country of the guarantor is different than the country of the obligor.

Column 11: Redistribution of Guarantees Issued by the Country's Banks or Reallocated to the Country of Head Office

Report in column 11 on each country line (including the U.S. line and each international and regional line) claims reported in columns 8–10 that are guaranteed (as defined in Part III, definition C) by banks in that country. All claims reported in column 8 on a bank's branches that are located outside the home country of the bank are considered to be "guaranteed" by the head office and are to be reallocated to the country line of the head office in column 11. This includes claims on U.S. branches of foreign banks, which in column 8 are reported on the U.S. line, and claims on foreign branches of other U.S. banks, which are to be reallocated from the appropriate country lines in column 8 to the U.S. line of column 11. Column 11 should also reflect any other claims in columns 8 to 10 that are guaranteed by U.S. banks.

Examples for Column 11:

- (1) The respondent has a \$10 million claim on a bank in the United Kingdom guaranteed by a French bank. Entries would be:

	col 1	col 8	col 11
United Kingdom	10	10	—
France	—	—	10

- (2) The respondent has a \$10 million claim on a bank in Hong Kong that is a wholly-owned subsidiary of a Japanese bank, but there is no formal guarantee by the Japanese bank. Entries would be:

	col 1	col 8	col 11
Hong Kong	10	—	—
Japan	—	—	—

- (3) The respondent has a \$10 million claim on the Nassau branch of a U.S. bank. Entries would be:

	col 1	col 8	col 11
Bahamas	10	10	—
United States	—	—	10

- (4) The respondent has a \$10 million claim on the U.S. agency of an Italian bank. Entries would be:

	col 1	col 8	col 11
Italy	—	—	10
United States	—	10	—

- (5) The respondent has a \$10 million claim on a public sector entity in Denmark guaranteed by a Spanish bank. Entries would be:

	col 2	col 9	col 11
Denmark	10	10	—
Spain	—	—	10

- (6) The respondent has a \$10 million claim on a Paraguayan private company guaranteed by an Argentine bank. Entries would be:

	col 3	col 10	col 11
Paraguay	10	10	—
Argentina	—	—	10

- (7) The respondent has a \$10 million claim on a U.S. foreign-owned bank guaranteed by its United Kingdom parent bank. Entries would be:

	col 1	col 8	col 11
United States	—	10	—
United Kingdom	—	—	10

- (8) The Italian branch of the respondent has a claim equivalent to \$10 million on the local branch of a United Kingdom bank. Entries would be:

	col 1	col 8	col 11
Italy	10	10	—
United Kingdom	—	—	10

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- (9) The respondent has a \$10 million claim on a French private company guaranteed by a French bank. Entries would be:

	col 1	col 8	col 11
France	10	—	—

(Note that when the obligor and guarantor are in the same country, the claim should be reported directly in the sector to which the respondent looks for the ultimate source of repayment. This would generally be the sector of the guarantor.)

- (10) The respondent has a \$10 million claim on a French private company guaranteed by a U.S. bank. Entries would be:

	col 3	col 10	col 11
France	10	10	—
United States	—	—	10

- (11) The respondent has a \$10 million claim on a U.S. private company guaranteed by a U.K. bank. Entries would be:

	col 3	col 10	col 11
United States	—	10	—
United Kingdom	—	—	10

- (12) The Hong Kong branch of the respondent has a \$10 million claim on the Hong Kong branch of a United Kingdom Bank. Entries would be:

	col 1	col 8	col 11
Hong Kong	10	10	—
United Kingdom	—	—	10

- (13) The respondent has a \$10 million claim on a Bulgarian private company, which is not held in the trading account. The respondent is the beneficiary on a credit derivative that has effectively shifted the transfer risk to the Bulgarian branch of a German Bank. The credit derivative has a market value of zero (no revaluation gain). Entries would be:

	col 3	col 10	col 11
Bulgaria	10	10	—
Germany	—	—	10

There is no entry on Schedule 2 because the credit derivative has not generated any revaluation gain.

Assume the respondent's \$10 million claim on the Bulgarian company decreases in value by \$5 million but remains booked at \$10 million (since it is not included in the trading account) and the credit derivative has a market value of \$5 million (revaluation gain). Entries would be:

	col 3	col 10	col 11
Bulgaria	10	10	—
Germany	—	—	10

On Schedule 2, the \$5 million positive market value (revaluation gain) of the credit derivative would also be reported.

	col 1
Germany	5

Column 12: Redistribution of Guarantees Issued by Another Country's Public Sector Entities

Column 12 reallocates these claims on borrowers entered in columns 8 to 10 that are guaranteed by the public sectors of other countries (including the United States and International or regional institutions) to the countries of the guarantors.

Portions of claims on foreign residents that are guaranteed by the Eximbank, Defense Department, or other U.S. government agencies, which are reported in columns 8–10 for the country of residence of the borrower are to be reported in the U.S. line of column 12.

Examples for Column 12:

- (1) The respondent has a \$10 million claim on an Italian manufacturer guaranteed by the United States Export–Import Bank. Entries would be:

	col 3	col 10	col 12
Italy	10	10	—
United States	—	—	10

- (2) The respondent has a \$10 million claim on a Botswana bank guaranteed by a public sector entity in Denmark. Entries would be:

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	col 1	col 8	col 12
Botswana	10	10	—
Denmark	—	—	10

- (3) The respondent has a \$10 million claim on a Bosnian public sector entity guaranteed by a public sector entity in Austria. Entries would be:

	col 2	col 9	col 12
Bosnia	10	10	—
Austria	—	—	10

- (4) The respondent has a \$10 million claim on the United States branch of a United Kingdom public sector entity. Entries would be:

	col 2	col 9	col 12
United States	—	10	—
United Kingdom	—	—	10

- (5) The respondent has a \$10 million claim on the Hong Kong public subsidiary of a Canadian public sector entity. The Canadian parent does not guarantee. Entries would be:

	col 2	col 9	col 12
Hong Kong	10	—	—
Canada	—	—	—

- (6) The respondent has a \$10 million claim on New Zealand's U.S. embassy. Entries would be:

	col 2	col 9	col 12
United States	—	—	—
New Zealand	10	—	—

- (7) The respondent has a \$10 million claim on an Argentine bank guaranteed by the Argentine government. Entries would be:

	col 2	col 8	col 12
Argentina	10	—	—

- (8) The respondent has a \$10 million claim on a U.S. branch of an Argentine bank guaranteed by the Argentine government. Entries would be:

	col 1	col 8	col 12
United States	—	10	—
Argentina	—	—	10

(Note: The loan to the U.S. branch is not guaranteed by a different sector in the *same* country, so do not immediately assign to the sector of the guarantor. Instead, shift the claim out of the United States via entry in column 8 and assign to country and sector of guarantor via entry in column 12.)

- (9) The Brazilian branch of the respondent has a \$10 million claim on a Brazilian manufacturer guaranteed by the United States Export-Import Bank. Entries would be:

	col 3	col 10	col 12
Brazil	10	10	—
United States	—	—	10

Column 13: Redistribution of Guarantees Issued by all Other Guarantors in Another Country

Column 13 reallocates those claims entered in columns 8 to 10 that are guaranteed by non-bank and non-public sector guarantors in other countries (including the United States and international or regional institutions) to the countries of the guarantors.

- (1) The respondent has a \$10 million claim on a Brazilian company guaranteed by a privately-owned Italian company. Entries would be:

	col 3	col 10	col 13
Brazil	10	10	—
Italy	—	—	10

- (2) The respondent has a \$10 million claim on the U.S. subsidiary of a Belgian private company that the parent has guaranteed. Entries would be:

	col 3	col 10	col 13
United States	—	10	—
Belgium	—	—	10

- (3) The respondent has a \$10 million claim on the Belgian subsidiary of a U.K. company with a "comfort" letter from the parent. Entries would be:

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	col 3	col 9	col 13
Belgium	10	—	—
United Kingdom	—	—	—

- (4) The respondent has a \$10 million claim on a Mauritanian bank guaranteed by a privately-owned French company. Entries would be:

	col 1	col 8	col 13
Mauritania	10	10	—
France	—	—	10

- (5) The respondent has a \$10 million claim on an Indian public sector enterprise guaranteed by a Swedish privately-owned manufacturer. Entries would be:

	col 2	col 9	col 13
India	10	10	—
Sweden	—	—	10

- (6) The Mexican branch of the respondent has a \$10 million claim on a Mexican private company guaranteed by its Japanese parent. Entries would be:

	col 3	col 10	col 13
Mexico	10	10	—
Japan	—	—	10

- (7) The respondent has a \$10 million loan to a Greek-owned Liberian (shell) shipping company collateralized by a tanker that does not operate under any long-term lease.

	col 3
Greece	10

- (8) The respondent has a \$10 million loan collateralized by a tanker that is chartered in Panama and owned by a U.S. businessman. The tanker operates under a long-term lease with a large British oil company.

	col 3
United Kingdom	10

- (9) The respondent has a \$10 million claim on a Chilean bank held in the trading account. The respondent is the beneficiary on a credit derivative that has effectively shifted the transfer risk to a third-party non-financial institution based in the U.K. The credit derivative has a market value of zero (no revaluation gain). Entries would be:

	col 1	col 8	col 13
Chile	10	10	—
United Kingdom	—	—	10

There is no entry on Schedule 2 because the credit derivative has not generated any revaluation gain.

Assume the respondent's \$10 million claim on the Chilean bank decreases in value to \$5 million and is marked down to that amount because the claim is in the trading account and the credit derivative has a market value of \$5 million (revaluation gain). Entries would be:

	col 1	col 8	col 13
Chile	5	5	—
United Kingdom	—	—	5

On Schedule 2, the \$5 million positive market value (revaluation gain) of the credit derivative would also be reported.

	col 3
United Kingdom	5

- (10) The respondent has a \$10 million claim on a Malaysian bank, which is not held in the trading account. The respondent is the beneficiary on a credit derivative which has effectively shifted the transfer risk equally to a third-party non-financial institution based in the United States and the Malaysian branch of a Japanese Bank. Assume that the \$10 million claim decreases in value to \$4 million, and the credit derivative has a positive market value of \$6 million (revaluation gain). Entries would be:

	col 1	col 8	col 11	col 13
Malaysia	10	10	—	—
United States	—	—	—	5
Japan	—	—	5	—

On Schedule 2, the \$6 million positive market value (revaluation gain) of the credit derivative would also be reported.

	col 1	col 3
United States	—	3
Japan	3	—

Column 14: Net Due to (or Due from) Own Related Offices in Other Countries

Report for each country in which the respondent has an office the net liabilities (or claims) of those offices on all other offices of the respondent that are located in other countries (e.g., the net amount a German branch has “due to” or “due from” the head office and any other consolidated non-German office of the parent). Only a single net figure should be reported for all the offices of the respondent in a given country. If the offices in a given country taken together have a net “due to” position with all related offices in all other countries combined, a positive figure should be reported; a net “due from” position should be indicated by brackets. For the purposes of this report, the computation of net due to or due from should include unremitted profits and capital of branch offices as well as total equity of majority-owned subsidiaries.

The amounts reported in column 14 represent the internal position of offices within the consolidated bank or the consolidated holding company. They are, therefore, not reflected in any other columns of the report, which represents a fully consolidated position of the respondent.

Column 15: Commitments

This column requires reporting of the respondent’s binding commitments that may result in cross-border claims. Report in column 15, by country of the account party, all contractual commitments such as legally binding lines of credit and formal guarantees (as defined in Part III, definition C). Report in this column, by country of account party, all outstanding commercial letters of credit issued or confirmed (as defined in Part III, definition E). Exclude advised letters of credit. Exclude any such letters of credit issued on behalf of U.S. residents. Also report by country of the account party, all (a) outstanding standby letters of credit issued or confirmed and

(b) amounts outstanding of purchases of risk participations in acceptances (as defined in Part III, definition C). Exclude any such guarantees of obligations of U.S. residents. Do not include in this column any foreign-office local and non-local currency commitments on local residents unless the reporting institution anticipates that such commitments may result in cross-border claims (such as commercial letters of credit). Exclude any such commitments that cover obligations of U.S. residents. Exclude cross-border commitments (such as those under commercial letters of credit) that can be cancelable, at the option of the reporting institution, upon occurrence of a sovereign event.

Report in this column, by country of account party, all credit derivatives where the reporting institution is a guarantor (as defined in Part III, Section K). For example, the respondent guarantees transfer risk protection to a U.K. bank for its \$10 million claim on an Argentinean bank, by means of a credit derivative. The credit derivative has a market value of zero (no revaluation loss) so it is not reported on Schedule 2. Entries would be:

	col 15
Argentina	10
United Kingdom	—

Assuming the claim held by the U.K. bank decreases in value to \$6 million and the respondent records the \$4 million loss on the credit derivative, the recorded loss on the credit derivative would reduce the amount reported in Column 15 to \$6 million.

Column 16: Commitments in Column (15) Head Office/Guarantor in Another Country

Report in column 16 those letters of credit and other commitments issued by the respondent to residents of each country reported in column 15 that involve potential claims on customers that would, in turn, be guaranteed (as defined in Part III definition C) by residents of other countries, including the United States. The foreign country entries in column 16 are components of the same country entries in column 15. However, column 16 of the United States line is not a component of column 15, which has no entries for the United States line. The United States line of column 16 should include any binding commitments to lend or otherwise provide funds

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to U.S. branches of foreign banks or to other U.S. entities where repayment of amounts to be extended under commitments are guaranteed by residents of other countries.

Column 17: Redistribution of Commitments in Column (16) to County(s) of Head Office/Guarantor

In column 17, reallocate to the guarantor countries (including the United States and each international or regional institution), the amounts of letters of credit and other commitments reported in column 16 that involve guarantees issued by residents of other countries. The total of column 17 must equal the total of column 16.

Column 18: Local Country Claims on Local Residents

Report in this column, on each foreign country line, outstanding claims of the respondent's foreign offices that are on residents of the country in which the offices are located. Include claims denominated in both local currency and non-local currency (e.g., Belgian franc or U.S. dollar loans to residents of Belgium by a Belgian branch of the respondent). Report all amounts in U.S. dollar equivalents. These amounts are reported only in column 18 and are not reflected in any other columns of the report. Entries would be made in column 18 for a particular country line only if the reporting bank has a branch or subsidiary in that country. Exclude revaluation gains on foreign exchange and derivative contracts. These should be reported only in schedule 2. Exclude foreign office claims on local residents that are guaranteed by residents of other countries and claims on local branches of foreign banks. These should be reported in columns 1-3.

Examples for Column 18:

- (1) The Brazilian branch of the respondent has a *real*-denominated loan equivalent to \$10 million on a Brazilian bank in Brazil. Entries would be:

	col 3	col 8
Brazil	—	10

- (2) The Brazilian branch of the respondent has a *dollar*-denominated loan for \$10 million on a Brazilian bank in Brazil. Entries would be:

	col 1	col 18
Brazil	—	10

- (3) The London branch of the respondent has a real-denominated claim equivalent to \$10 million on a bank in Brazil. Entries would be:

	col 1	col 18
Brazil	10	—

Column 19: Local Country Liabilities

Report in this column, by country, the liabilities of the respondent's foreign offices that represent legal obligations of the foreign offices and for which no payment is guaranteed at locations outside of the country of the office; for example, deposits with a foreign branch that do not carry a cross-border guarantee are assumed to be the legal liabilities of the foreign branch only and are to be paid at that branch. Local country liabilities may be to residents or non-residents and payable in local or non-local currencies. Exclude revaluation losses on foreign exchange and derivative products, which should be reported in Schedule 2.

Example for Column 19:

- (1) The Argentine branch of the respondent has a \$10 million claim. The claim is funded by local dollar-denominated deposits and the respondent bank does not explicitly assume the sovereign risk. Entries would be:

	col 3	col 18	col 19
Argentina	—	10	10

Column 20: Memorandum: Assets Held for Trading

Report in this memorandum column, by country, the fair value of the respondent's outstanding claims reported in column 4 after adjustments in column 8-13 that satisfy the coverage and definition of claims given in Part III, definition J.

Column 21: Memorandum: Trade Financing

Report in this memorandum column, by country, the claims and commitments reported in columns 1-4 and 15 that satisfy the coverage and definition of claims given in Part III, definition F.

SCHEDULE 2

Report by country outstanding claims on foreigners that represent the revaluation gains from marking to market interest rate, foreign exchange, and other off-balance sheet commodity and equity contracts held for trading purposes. Revaluation gains can be offset against revaluation losses if the transactions were executed with the same counterparty under a legally enforceable master netting agreement. When contracts are covered by master netting agreements, the net residual amount, if positive, is reported in the domicile country of the counterparty. No entries on Schedule 2, however, are appropriate for the United States and the country line for the United States is blocked out on the schedule.

For purposes of this report, netting is accomplished according to the procedures and requirements, including those covering the use of collateral and the treatment of transactions involving jurisdictions in which netting may not be enforceable, set forth in the following cites for the risk-based capital rules:

national banks:	12 CFR Part 3, Appendix A
state member banks:	12 CFR Part 208, Appendix A
bank holding companies:	12 CFR Part 225, Appendix A
insured commercial banks:	12 CFR Part 325, Appendix A

The netting criteria for a valid right of setoff contained in FASB Interpretation No. 39, which is also indicated for reporting revaluation gains and losses on a net basis in the Call Report, may be followed in this report if this results in no material differences from the results obtained from following the risk-based capital rules.

Instructions for Specific Columns of Schedule 2

Columns 1 to 4

Report revaluation gains or net positive residual amounts in column 4 and in columns 1, 2, or 3, as appropriate. If respondent chooses to report separately local country claims in columns 6 and local country liabilities in column 7, report only cross-border claims in columns 1–4 (refer to instructions for columns 6 and 7). If respondent chooses to report separately local country claims

in column 6, report only cross-border claims in columns 1–4 (refer to instructions for columns 6 and 7). Do not report cross-border claims that are funded by a third party if the funds provider expressly agrees to assume the sovereign risk as verified by appropriate documentation.

If contracts are not covered by a master agreement, they must be reported gross.

- Refer to example 1.

When the reporting institution enters into a multibranch or multijurisdiction master agreement, the net residual amount will be reported only in column 4 (and columns 1, 2, and 3, as appropriate), but refer to the instructions for memorandum column 5 for the special case of jurisdictions for which the parties to the agreement do not assume transfer risk. (The term multijurisdiction or multibranch agreement refers to a master netting agreement that covers the head office and other offices of the reporting institution.) When the reporting institution enters into a single netting agreement, the net residual amount qualifies to be reported in columns 1–4, but may also qualify for reporting in columns 6 and 7 (see below) if the reporting institution chooses that option. (The term single netting agreement refers to a master agreement entered into by a single office of the reporting institution with another party.)

- Refer to examples 2, 3 and 4.

If the master netting agreement covers an office in a jurisdiction where netting would not be enforceable, contracts with that office should be treated as though they were not subject to the netting agreement and reported gross.

- Refer to example 2.

The guaranteed or collateralized portion of a revaluation gain is reported in the domicile country of the guarantor or in the country where the collateral is held, except when securities are held as collateral, in which case the exposure is reported in the domicile country of the issuer of the securities. (Unlike Schedule 1, Schedule 2 does not call for the reporting of gross exposures or of U.S. exposures arising from guarantors domiciled in the United States or from collateral held in the United States.)

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- Refer to example 5.

When a contract is entered into with a branch of a commercial bank, the exposure is reported in the country of the head office because claims on a bank's branches are, as a rule, assumed to benefit from an implicit credit guarantee of the head office. Claims on U.S. branches of foreign banks are reported in the country of the head office. Refer also to instructions for memorandum column 5.

- Refer to example 1.

Memorandum Column 5

Reporting institutions are asked to identify in memorandum column 5 claims on a bank's branch according to the domicile country of the branch, unless the claim is formally and legally guaranteed by the head office. Contracts covered by master agreements are deemed to carry the legal guarantee of the head office, even in those jurisdictions where netting may not be enforceable, and so, are not reported in column 5. Amounts reported in column 5 are also reported in column 4 in the countries of the banks' head offices, except when the head office is in the United States.

For example, an unguaranteed claim on a branch of a foreign bank would be reported in column 4 in the country of the head office and in column 5 in the country of the branch. A claim on a foreign branch of a U.S. bank, however, would be reported only in column 5.

Example: The German office of the reporting institution has a revaluation gain of \$100 on a contract with the local branch of a U.S. bank.

	col 4	col 5
Germany	—	100
United States	na	na

- Refer also to examples 1, 2 and 6.

If parties to a multibranch agreement specify that transactions with branches in certain jurisdictions are subject to transfer risk, any exposure in that jurisdiction is reported in memorandum column 5 in order to reflect the transfer risk in that location.

- Refer to example 3.

Columns 6 and 7

(OPTIONAL: to be reported only by banks that choose to identify local country claims and local country liabilities. This choice may be made for any reporting period, but must be applied consistently to all contracts covered by this report.)

Report in column 6, on each country line, claims of a foreign office of the reporting institution that are claims on residents of the country in which the office is located. Such claims may be denominated in either local or non-local currency. Entries would be made in column 6 for a particular country line only if the reporting bank has a branch or subsidiary in that country.

Do not report in column 6 foreign office claims on local residents that are:

- guaranteed by residents of other countries;
- claims on local branches of U.S. or foreign banks;
- claims on a local office covered by a multijurisdiction master agreement.

Report local country liabilities in column 7. Local country liabilities are the liabilities of the respondent's foreign office that represent legal obligations of the foreign office and for which no payment is guaranteed at locations outside of the country of that office. Local country liabilities may be to residents or non-residents and payable in local or non-local currencies.

Separate reporting of local country claims and local country liabilities in schedule 2 facilitates the estimation of total country exposure. If the reporting institution chooses to report to columns 6 and 7, it must report all cross-border claims in column 4, local country claims in column 6, and local country liabilities in column 7. Under this option, column 4 would therefore not include amounts reported in column 6.

- Refer to examples 1, 7, 8 and 9.

Examples

I. US bank, the reporting institution, enters into various derivative contracts with a Japanese bank. The balances with the various offices of the Japanese bank on the books of US bank's various locations as of the reporting date are shown below:

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	Revaluation Gains	Revaluation Losses	Net by Location	Net Aggregate Residual Amount
<i>US Hong Kong with:</i>				
Japan Hong Kong	15	11	4	
Japan London	45	75	-30	
Japan Tokyo	<u>60</u>	<u>40</u>	<u>20</u>	
Total	120	126	-6	-6
<i>US London</i>				
Japan Hong Kong	190	70	120	
Japan London	79	41	38	
Japan Tokyo	<u>67</u>	<u>34</u>	<u>33</u>	
Total	336	145	191	191
<i>US New York</i>				
Japan London	57	75	-18	
Japan New York	10	85	-75	
Japan Tokyo	<u>41</u>	<u>40</u>	<u>1</u>	
Total	108	200	-92	-92
<i>US Tokyo</i>				
Japan Hong Kong	115	225	-110	
Japan London	75	25	50	
Japan New York	15	100	-85	
Japan Tokyo	<u>144</u>	<u>64</u>	<u>80</u>	
Total	349	414	-65	-65
Grand Total	913	885		
Total Net Aggregate Residual				28

Example 1: Assumes the respondent has no master agreement and elects to report to columns 6 and 7.

	col 4	Memo col 5	col 6	col 7
Japan	769	0	144	414
Hong Kong	0	320	0	126
United Kingdom ...	0	256	0	145

- Since respondent elects to report to columns 6 and 7, report only cross-border revaluation gains in column 4: total gross cross-border claims of 769 on Japan bank, including cross-border claims on the various foreign branches of Japan bank, are reported in column 4 in Japan, the country of the head office.

- Since claims on Japan bank's Hong Kong and London branches are not formally guaranteed by the head office or covered by a master agreement, report in memorandum column 5 gross revaluation gains with branches of Japan bank for the countries in which the branches are located, i.e., \$320 million (in millions: \$15 + \$190 + \$115) on the Hong Kong country line and \$256 million (in millions: \$45 + \$79 + \$57 + \$75) on the United Kingdom country line.
- Revaluation gains of 144 at US bank's Tokyo branch with Japan bank's head office in Tokyo qualify as local country claims and are reported in column 6. If documentation states that revaluation losses booked at the foreign branches of US bank are payable locally (and only locally), these amounts may be reported as local country liabilities in column 7.

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Example 2: Assume the respondent has a master netting agreement. In addition, assume for illustrative purposes that netting is not enforceable in Hong Kong.

	col 4	Memo col 5
Japan	449	0
Hong Kong	0	0
UK	0	0

- Aggregate the net residual amounts for the London, New York, and Tokyo offices of US bank and Japan bank; that is, $38 + 33 - 18 - 75 + 1 + 50 - 85 + 80 = 24$. Contracts with US bank's Hong Kong branch and contracts with Japan bank's Hong Kong branch are treated as though they were not subject to the netting agreement. Report gross revaluation gains of 120 at US Hong Kong, 190 at US London, and 115 at US Tokyo plus 24 in aggregate net amounts on other contracts (449 total) in column 4 for Japan.
- No amounts are required to be reported in memorandum column 5 because the master agreement between US bank and Japan bank is assumed to obligate the parties to meet the obligations of their respective branches, even in jurisdictions where netting is not enforceable.
- No amounts qualify as local country assets or liabilities to be reported in columns 6 or 7; contracts covered by multibranch master agreements result in cross-border claims or liabilities of the head office.

Example 3: Respondent has a master netting agreement, but parties do not assume the cross-border risk in Hong Kong; that is, they decline to guarantee payment of obligations of their Hong Kong branches outside of Hong Kong. As in example 2, reporting in columns 6 and 7 is not appropriate.

	col 4	Memo col 5
Japan	28	0
Hong Kong	0	4
UK	0	0
United States	na	na

- Report the total net aggregate residual amount of 28 in column 4 for Japan. In reporting exposure to a bank covered by a master netting agreement, the amount reported in column 4 in the country of the head office represents total exposure to the organization as a whole, including amounts that may be payable only at branches of the organization.
- Should a sovereign event occur in Hong Kong preventing offices there from making payments outside Hong Kong, it is assumed that US bank would most likely net Japan bank's transactions with its Hong Kong branch and its transactions with Japan bank's Hong Kong branch and that the resulting net amount would be paid (or received) in Hong Kong. A net gain at US bank's London branch with Japan Hong Kong (120), a net loss at its Tokyo branch with Japan Hong Kong (-110), and the net loss at US bank's Hong Kong branch (-6) with all offices of Japan bank result in a net exposure in Hong Kong of 4, which should be reported in memorandum column 5 for Hong Kong.

Example 4: Master netting, no exceptions. As in examples 2, and 3, reporting to columns 6 and 7 is not appropriate.

	col 4	Memo col 5
Japan	28	0
Hong Kong	0	0
UK	0	0
United States	na	na

- Report the net positive residual amount of 28 in column 4 as exposure in Japan.

Example 5: Same as example 4, except that parties have also agreed to a bilateral collateralization agreement under which exposures greater than 10 are collateralized with cash or highly liquid U.S. Government securities held in New York. Assume that collateral is pledged in minimum incremental amounts of 5.

	col 4	Memo col 5
Japan	8	0
Hong Kong	0	0
UK	0	0
United States	na	na

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- Under the bilateral collateralization agreement, Japanese bank would have to pledge 20 in collateral (in 4 increments of 5). Report the uncollateralized expo-

sure of 8 in Japan. Since the collateral is held in the United States, it is not reported.

II. US bank, the reporting institution, enters into various derivative contracts with foreign corporate customers and banks. The balances with these parties on the books of US bank's various locations as of the reporting date are shown below:

	Revaluation Gains	Revaluation Losses	Net by Location	Net Aggregate Residual Amount
<i>US Hong Kong with:</i>				
Hong Kong Corporate	15	11	4	
Singapore Corporate	45	75	-30	
UK Bank, Hong Kong branch	60	40	20	
Total	120	126	-6	-6
<i>US London</i>				
UK Corporate	190	70	120	
Hong Kong Bank, London branch	79	41	38	
Total	269	111	158	158
<i>US New York</i>				
Argentine Corporate	57	75	-18	
Venezuela Bank	10	85	-75	
Total	67	160	-93	-93
Grand Total	456	397		
Total Net Aggregate Residual				59

Example 6: Assumes the respondent has no master agreement and does not elect to report to columns 6 and 7.

	col 4	Memo col 5
Hong Kong	94	60
UK	250	79
Argentina	57	0
Venezuela	10	0
Singapore	45	0

- Report gross revaluation gains in column 4: in Hong Kong 94, 15 to the Hong Kong Corporate and 79 to the London branch of Hong Kong Bank; in the United

Kingdom 250, 60 to the Hong Kong branch of UK Bank and 190 to the UK Corporate; in Argentina, 57 to Argentine Corporate; in Venezuela, 10 to Venezuela Bank; and in Singapore, 45 to Singapore Corporate.

- Report in memorandum column 5 claims on the Hong Kong branch of UK bank (60) and on the London branch of Hong Kong bank (79) in the countries of the branches since these claims are not formally guaranteed by their head offices or covered by a master agreement.

Example 7: Assumes the respondent has no master agreement and elects to report to columns 6 and 7. Assumes also that the liabilities of the Argentine corporate customer are formally and legally guaranteed by its U.S. parent.

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	col 4	Memo col 5	col 6	col 7
Hong Kong	79	60	15	126
UK	60	79	190	111
Argentina	0	0	0	0
Venezuela	10	0	0	0
Singapore	45	0	0	0

- Report in column 4 cross border exposures: in Hong Kong, 79 to the London branch of Hong Kong Bank, domiciled in Hong Kong; in the United Kingdom, 60 to the Hong Kong branch of UK Bank, domiciled in the United Kingdom; in Argentina, 0 (the exposure to Argentine corporate customer is formally guaranteed by its U.S. parent); in Venezuela, 10; and in Singapore, 45.
- Report in column 5 claims on branches of UK bank (60) and Hong Kong bank (79) in the countries of these particular branches.
- Report in columns 6 and 7 local country assets of 15 in Hong Kong and 190 in the United Kingdom and, if appropriately documented, local country liabilities to both residents and nonresidents of 126 in Hong Kong and 111 in the United Kingdom.

Example 8: Assumes the respondent has a multibranch master agreements with all counterparties, but netting is not enforceable in Argentina and Venezuela. Respondent elects to report in columns 6 and 7.

	col 4	Memo col 5	col 6	col 7
Hong Kong	42	0	0	0
Singapore	0	0	0	0
United Kingdom ...	140	0	0	0
Argentina	57	0	0	0
Venezuela	10	0	0	0

- In column 4 report net gains of 42 in Hong Kong and 140 in the United Kingdom and gross gains in Argentina (57) and Venezuela (10), since netting is assumed not to be enforceable in Argentina and Venezuela.
- The net claims on the Hong Kong branch of UK bank and London branch of Hong Kong bank are reported in the countries of their head offices and since these are

covered by a master agreement do not have to be reported in memorandum column 5.

- The net gains with the Hong Kong and UK corporate customers do not qualify to be reported as local country claims in column 6, because under the multibranch master agreement these claims are properly regarded as those of US bank's head office.

Example 9: Assumes respondent does not have a multi-branch agreement but its Hong Kong branch has single netting agreements with the Hong Kong and Singapore corporate customers. Netting is not enforceable in Argentina and Venezuela and respondent chooses to report in columns 6 and 7.

	col 4	Memo col 5	col 6	col 7
Hong Kong	79	60	4	70
Singapore	0	0	0	0
United Kingdom ...	60	79	190	111
Argentina	57	0	0	0
Venezuela	10	0	0	0

- Report in column 4 gross cross-border exposures of 79 in Hong Kong, 60 in the United Kingdom, 57 in Argentina, and 10 in Venezuela.
- Report in memorandum column 5 the exposure of 60 in Hong Kong to the Hong Kong branch of UK bank and the exposure of 79 in the United Kingdom to the London branch of Hong Kong bank. These exposures are also reported in column 4 in the countries of the head offices.
- Report in column 6 as a local country asset the net claim of 4 of US bank's Hong Kong branch on the Hong Kong corporate customer, since transactions between these parties are covered by a single netting agreement which does not involve US bank's head office in New York. The claim of US bank's London branch on the UK corporate of 190 also qualifies to be reported in column 6 as a local country asset.
- Report in column 7 as local country liabilities in Hong Kong, provided they are payable locally, the net loss of 30 of US bank's Hong Kong branch with the Singapore corporate and the loss of 40 of US bank's Hong Kong branch with the Hong Kong branch of UK bank.

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Similarly, report in column 7 in the United Kingdom the loss of US bank's London branch with the UK corporate (70) and also its loss with the London branch

of Hong Kong bank (41), if these liabilities are payable locally.