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## INSTRUCTIONS FOR PREPARATION OF

# Country Exposure Report for U.S. Branches and Agencies of Foreign Banks FFIEC 019

## General Instructions

### Who Must Report

This report is required each quarter for each branch or agency of a foreign bank domiciled in the 50 states of the United States and the District of Columbia that has total direct claims (including those of its IBF) on “foreign residents,” as defined later in these instructions, in excess of \$30 million or more on the quarterly report date. (For purposes of this report, Puerto Rican banks are not considered to be foreign banks; therefore, U.S. branches and agencies of Puerto Rican banks are not required to submit this report.)

A separate report is to be filed by each branch or agency that meets the reporting criteria. However, branches and agencies of the same foreign parent bank that file the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002) on a consolidated basis may also file this report on that basis.

### Scope

This report requires information on the distribution by country of claims on non-U.S. residents held by *U.S.* branches and agencies (including their IBFs) of foreign banks. Each reporting branch and agency must report its gross claims on: (1) residents of its home country (including related non-U.S. offices of the reporting institution) and (2) residents of foreign countries for which its adjusted exposure (i.e., direct claims adjusted for guarantees and other indirect claims) for the country is greater than or equal to \$20 million.

Claims are initially reported by the country of direct obligor and are then adjusted to reflect any guarantees

of parties in other countries. The report covers all extensions of credit, as well as legally binding loan commitments and letters of credit. The adjusted claims on unrelated foreign residents are reported for each country shown by type of borrower and by the remaining maturity.

### Filing of Report

The Federal Reserve acts as the collecting and processing agent of this report for the federal supervisory authorities. Reporting institutions are required to submit the report quarterly as of the last calendar day each quarter. Reports must be submitted within 45 calendar days of the report date. For institutions that do not wish to submit the report electronically, the original and two copies of the completed report shall be submitted each quarter to the Federal Reserve Bank in whose district the reporting branch or agency is located. Institutions that wish to submit the report electronically should contact their district Reserve Bank or go to <http://www.frbservices.org/centralbank/index.html> for procedures for electronic submission. This website also includes a link that reporters may use to contact the Federal Reserve Bank of New York for technical assistance.

### Valuation

All amounts reported on this form should be valued in U.S. dollars. Claims denominated in other currencies should be converted into dollars using the exchange rate prevailing on the report date.

### Rounding

Amounts reported on this form should be rounded to the nearest million dollars.

# General Instructions

## Differences between FFIEC 019 Reporting and U.S. GAAP

The differences in accounting treatment between FFIEC 019 reporting and U.S. GAAP are as follows:

Reporting Item	U.S. GAAP	FFIEC 019
Netting of Derivative Contracts	Offsetting of positive and negative fair values is permitted when a “right of setoff” exists under ASC Subtopic 210-20, Balance Sheet – Offsetting.	Offsetting of positive and negative fair values is permitted, consistent with U.S. GAAP. However, only net positive fair values are reported on the FFIEC 019.
Netting of Trading Assets	Although the FASB accounting standards codification (ASC) does not address CUSIP netting, it is industry practice to net trading assets against trading liabilities in the same security (i.e., with the same CUSIP or ISIN). <sup>1</sup>	CUSIP netting is allowed for the FFIEC 019 report. In addition, short positions in the same issuer and asset class of the trading asset may be reported as an offsetting positions for trading book.

<sup>1</sup> A Committee on Uniform Securities Identification Procedures (CUSIP) number or an International Securities Identification Number (ISIN) is used to uniquely identify a specific security.

## Definitions Of Terms Used In The Report

### United States (U.S.)

For purposes of the classification of the reporter’s customers in this report, the term “United States” covers the 50 states of the United States, the District of Columbia, Puerto Rico, and territories and possessions of the United States.

Note: This is consistent with the definitions used for the FFIEC 002 report and for the Treasury International Capital (TIC) Forms.

### Foreign Resident/Non-U.S. Resident

For purposes of this report, the terms “foreign resident” and “non-U.S. resident” include any individual,

partnership, or corporation, and any government or political subdivision, agency, or instrumentality thereof, located outside the United States, including non-U.S. offices related to the reporting branch or agency. These terms also include any international or regional organization (or subordinate or affiliated agency thereof) created by treaty or convention between sovereign states.

For determining residence, reporting institutions should use the customer’s principal address. However, claims on a representative of a foreign government that operates in an official capacity (e.g. an embassy) should be considered as direct claims on that foreign country, regardless of the place of residence of the representative. Claims on international or regional organizations should not be considered as claims on the country in which such organizations are located; instead, all such organizations are to be treated as a single “country” (see list of country names and codes).

## Related Non-U.S. Offices

These include:

- (1) the head office of the reporting branch or agency and the bank’s branches and agencies that are located outside the United States;
- (2) the foreign holding company of the bank;
- (3) other foreign banks (including their branches and agencies outside the United States) that are majority-owned by organizations described in either (i) or (ii) above, or by their majority-owned subsidiaries; and
- (4) any other majority-owned subsidiaries of 1, 2, or 3 above.

Note: This definition of related non-U.S. offices covers the same institutions as the term “related institutions domiciled outside the United States” used in the FFIEC 002 report.

## Unrelated Foreign Residents

Includes all non-U.S. residents, both bank and non-bank, other than “related non-U.S. offices” as defined above.

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# General Instructions

## Foreign Public Borrowers

The term “foreign public borrowers” covers the following 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 nonbank commercial enterprises whose shares are majority-owned by the central government or its departments; and state, provincial and local governments of foreign countries and their departments and agencies. “Foreign public borrowers” also includes any international or regional organization (or subordinate or affiliated agency thereof) created by treaty or convention between sovereign states.

## Unrelated Foreign Banks

For purposes of this report, the term “unrelated foreign banks,” which is a component of “unrelated foreign residents” (see above), covers the following institutions domiciled in foreign countries except those that are “related non-U.S. offices” (see above): commercial banks, savings banks, discount houses, and other similar institutions accepting short-term deposits. “Unrelated foreign banks” includes such banking institutions that are owned by foreign governments unless such institutions function as central banks or banks of issue, in which case they are treated as “foreign public borrowers.” (See above.) Also included as unrelated foreign banks are the foreign branches of U.S. commercial banks.

Note: This definition of unrelated foreign banks is the same as the definition of “banks in foreign countries” used for the FFIEC 002 report.

## Other Unrelated Foreign Residents

The term “Other unrelated foreign residents” covers persons, businesses and institutions other than those defined as either “foreign public borrowers” (above) or as “unrelated foreign banks” (above).

## Claims

In this report, a distinction is made between “*direct claims*” on given countries and “*indirect claims*.” A “direct claim” on a given country is one in which the immediate obligor is a resident of that country; an “indirect claim” occurs when a resident of another country, through guarantees or other means, is the “ultimate” obligor upon whom the reporting institution can make claims in the event the immediate obligor is unable to satisfy the claim. Claims on related U.S. branches should not be reported as a direct or indirect claim on the country of the head office.

The term “claims” follows the definition for assets in the instructions for preparation of the FFIEC 031 and FR Y-9C and *includes*, but is not limited to, the following types of assets:

- Vault Cash
- Deposit balances, both interest bearing and non-interest bearing, held at banks
- Balances with central banks and official institutions
- Securities
- Federal funds sold
- Loans
- Holdings of acceptances of banks
- Direct lease financing
- Investments in unconsolidated subsidiaries and associated companies
- Positive fair value of interest rate, foreign exchange, equity, commodity and other derivative contracts
- Customers’ liability on acceptances outstanding
- Accrued income receivables (including interest, commissions and income earned or accrued and applicable to current or prior periods, but not yet collected)
- Resale agreements and other financing agreements (reported net if permitted under ASC Subtopic 210-20)
- Asset sales with recourse
- Participations and syndications of loans

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# General Instructions

- Deferred tax assets

Exclude: Premises, right-of-use assets, other real estate owned, bank-owned life insurance, company-owned life insurance, physical commodities held in inventory, pension assets, goodwill, and other intangible assets.

## Adjusted Claims

The adjustment referred to in this report requires the respondent to deduct from the direct claims on each country those claims that are guaranteed by parties in another country and to add to the direct claims on each country those direct claims on other countries (including the United States) that parties in the country have guaranteed. Total “adjusted claims” or total “adjusted exposure” refers to the total figure for a given country that results from making these adjustments. Claims on unrelated parties that are guaranteed by the reporter’s head office or a related branch or agency should not be shifted to the country of the head office, branch or agency.

For example, a loan to a resident of Country A that is guaranteed by a resident of Country B is a direct claim on Country A and an indirect claim on Country B. In the totals of *direct* claims, the amount of the loan would be included in the figure for Country A; in the totals of *adjusted* claims, it would be excluded from the figure for Country A and included in the figure for Country B. The examples on pages 12–17 illustrate this process. In the examples, as in the report form, Column 1 shows direct claims on each country to be reported; Column 2 shows the amount of direct claims on each country that is guaranteed by parties in other countries and that must be deducted to calculate adjusted claims; and Column 3 shows the amount of direct claims on residents of other countries that residents of each country have guaranteed. Finally, Column 4 shows the total adjusted claims on each country and reflects the adjustments for such “external” guarantees.

## Direct Claims

The term “direct claims” refers to the following types of gross claims (denominated either in U.S. dollars or in foreign currencies):

- Balances with banks
- Balances with foreign central banks and official institutions

- Securities held for the respondent’s own account
- Federal funds sold and securities purchased under agreements to resell
- Loans, as defined in the instructions to the FFIEC 002 report
- Holdings of acceptances of non-U.S. banks
- Direct lease financing
- Customers’ liability on acceptances outstanding (excludes own acceptances purchased which are shown as loans and prepaid acceptances (anticipations)).

(Note: If the reporting branch or agency is an *accepting* institution and has contracted with other institutions for them to participate in its acceptance liability in any way, the total amount of the customer’s liability on the acceptance, with no deduction for the participation, is to be treated in this report (similar to the requirements for the FFIEC 002) as a claim held by the accepting bank. Correspondingly, the participating institutions do not treat their participation in the acceptance as a claim in this report.)

- Accrued income including interest, commissions, and income earned or accrued and applicable to current or prior periods, but not yet collected.
- Any other asset that results in a claim on a foreign resident.

When distributing direct claims by country, claims on a branch (or agency) of a bank are to be treated as direct claims on the country where the branch is located, regardless of the location of the branch’s head office. (Such claims, however, are also treated as indirect claims on the country of the head office, as described in the next paragraph.)

## Indirect Claims

For purposes of this report, the term “**indirect claims**” covers “**guarantees**” and other indirect claims for which adjustments (additions and subtractions) to direct claims are required to be made in Columns 2–3. “Guarantees,” for purposes of this report, consist of those claims of the reporting institution for which a third party formally and legally obligates itself to repay the reporting institution’s claims on the direct obligor if the latter fails to do so. Documents—such as com-

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# General Instructions

fort letters, letters of awareness, or letters of intent—that do not establish firm legal obligations are not considered guarantees for the purpose of this report. Guarantees of direct claims on foreign residents must explicitly pass the transfer risk to the guarantor. (Direct claims on U.S. residents have no transfer risk, by definition.) Limited guarantees, such as those that just cover political risk, do not qualify as guarantees for the purposes of this report. The term “guarantees” covers the collateralization of claims if the collateral is both (1) tangible and liquid, including readily marketable shares of stocks or bonds; *and* (2) is 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.

The term “guarantees” also includes credit derivative contracts in the form of off-balance sheet, bilateral over-the-counter (OTC) swaps and options (including credit default swaps and options, total return swaps and sovereign risk options) when the reporting institution is the beneficiary of a contract that it considers to be an effective guarantee based on its internal criteria and, for a direct claim on a *foreign* resident, the contract contains provisions to pass the transfer risk to the counterparty. In such cases, the 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.

For purposes of this report, claims on a branch or agency (but not a subsidiary unless explicitly guaranteed as defined in the first paragraph of this section),<sup>1</sup> located in one country whose parent bank is headquartered in another country are considered to be “guaran-

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1. However, if the subsidiary is a related non-U.S. institution as defined in “unrelated non-U.S. offices,” that amount should be reported in Column 3 and Column 5.

teed” by the head office. Accordingly, a reporting institution having a direct claim on such a branch or agency is considered to have an indirect claim on the foreign parent bank. For example, a claim on a U.S. branch of a Swiss bank would be a direct claim on a U.S. resident and an indirect claim on a Swiss resident.

## Examples of Indirect Claims

### *Required Risk Transfers*

The outward and inward redistribution of claims from an “immediate-counterparty” basis to an “ultimate-risk.”

If full credit protection is provided by more than one source, e.g., from multiple guarantors or multiple forms of collateral, the ultimate-risk claim should be determined by the sector and residence of the highest rated credit enhancer (using the reporter’s internal rating system). For instance, for a claim on a bank branch for which eligible collateral is posted, it should be determined whether the counterparty’s parent bank or the collateral has a higher credit rating. The claim should then be reported, accordingly, on an ultimate-risk basis.

### (1) Guarantees

Guarantees are legally binding commitments by a third party to repay a debt if the direct obligor fails to do so. Guarantees include financial and performance standby letters of credit and acceptances (for the amount of the participation sold). Documents that do not establish legal obligations, such as “comfort” letters, letters of awareness, or letters of intent, are not guarantees for the purpose of this report.

Guarantees provided by the reporter’s head office or other consolidated units of the reporter should not be considered guarantees for the purposes of this report.

Guarantees providing protection to the reporter should result in the reallocation of the claim from the sector and country row of the immediate

Ownership of fund shares in an unconsolidated investment entity should be reported on an immediate-counterparty and ultimate-risk basis according to the country and sector of the invest-

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# General Instructions

ment entity. The underlying assets of the investment fund do not provide an effective guarantee for purposes of the FFIEC 019 report.

## (2) Insurance Policies

Insurance policies that guarantee payment of a claim if the borrower defaults or if nonconvertibility occurs should be reallocated to the non-bank sector of the country of residence of the entity providing the insurance. However, limited purpose policies, such as “political risk insurance” policies should not be used as a basis for reallocation. Conversely, if a reporter issues an insurance policy guaranteeing the payment of a claim if a foreign borrower defaults, the amount of the protection sold.

## (3) Head Offices

For the purposes of this report, claims on a bank branch (but not on a subsidiary) of a banking organization are considered to be guaranteed by the head office of the organization, even without a legally binding agreement. Therefore, claims on bank branches should be reallocated to the bank sector in the country in which the parent institution is chartered.

## (4) Reporting Credit Derivatives

### a. Risk Transfers

Reporters should report credit derivative contracts purchased (including, but not limited to, credit default swaps and options, total return swaps and sovereign risk options), as guarantees for purposes of this report, provided the institution considers the arrangement to be an effective credit risk mitigant based on its internal criteria and provided the contract contains provisions to pass the credit risk to the counterparty. A reporter’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 as the obligor.

Claims for which credit derivatives form an effective risk transfer should be reallocated to the sector and country of residence of the entity that is providing the protection.

Credit protection purchased to guarantee a claim reported on an immediate-counterparty basis should be reported.

If the notional amount of the credit protection purchased is less than the amount of the immediate claim, the notional amount of the guaranteed portion should be reallocated to the sector and country of the credit protection seller, and the nonguaranteed portion should be reported opposite the sector and country of the immediate obligor.

For contracts with variable notional principal amounts, report the notional principal amounts as of the report date.

### b. Treatment of Multi-Name Credit Derivatives

Purchases and sales of credit derivatives guaranteeing multiple underlying reference entities (i.e., multi-name instruments, including portfolio or basket credit default swaps (CDS), CDS indexes, and “tranching” CDS contracts) should be reported on the FFIEC 019. However, only non-tranche index and single name CDS contracts may be used to risk transfer an immediate claim.

Regardless of whether reported on, if the underlying basket is composed of reference entities located in one country, report the full notional amount of the contract opposite the country of the reference entity. If the underlying basket is composed of several securities from several countries, the underlying reference entities should be reported on a pro-rata basis.

CDS tranches and bespoke CDS, such as Nth-to-default contracts, and similar credit derivative contracts, should be reported on. For these types of contracts, if the underlying reference entities are domiciled in multiple countries and payments to the protection buyer are not triggered by a credit event in a particular reference entity, but are triggered

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# General Instructions

by a default past a predetermined threshold, the notional value of the contract should be reported in the “Unallocated” row.

## (5) Collateralized Claims

Eligible collateral for risk transfers on the FFIEC 019 *includes* collateral that is:

- (1) Liquid and readily realizable, and
- (2) Is realizable outside of the country of residence of the borrower.

Eligible collateral *includes*:

### *Cash*

If collateral is in the form of cash, the sector and country of the “guaranteeing” party is the sector and country of residence of the legal entity where the cash is held (i.e., the legal entity that has the liability for the cash collateral). Cash collateral posted to the same sector and country as the immediate claim should result in no risk transfer.

### *Debt and Equity Securities*

If collateral is in the form of investment grade debt or marketable equity securities, the sector and country of the “guaranteeing” party is the sector and country of residence of the party issuing the security.

**However, in the case of resale agreements, securities lending arrangements, and other similar financing agreements, the claims should be allocated based on the counterparty, not the underlying collateral (i.e., no risk-transfer should be made). These should be reported at the value of the outstanding claim, regardless of the amount of collateral provided. Resale agreements should also be reported by country of the counterparty.**

If the collateral consists of a basket of convertible currencies or investment grade securities of different countries in an amount equal to the immediate claim, break out the underlying exposures on a pro-rata basis and report opposite the appropriate country and sector.

Collateral provided in the form of cash or securities in excess of the amount of the outstanding claim (e.g., a margin loan collateralized by securities with a fair value that exceeds the amount of

the margin loan) should only be risk-transferred up to the amount of the underlying claim

Collateral provided by obligors to offset positive fair value positions of derivative contracts using the same methodology for reporting securities and cash collateral as stated above. If the reporter has a derivative contract with a positive fair value, and cash (or securities) collateral is provided, according to the sector and country of the institution holding (or issuing) the collateral, and the uncollateralized portion should be reported according to the sector and country of the counterparty.

Assets such as real estate are not liquid or readily realizable and thus cannot be used for a risk transfer.

## (6) Risk Participations

Loans and acceptances, where the reporting bank has sold a legally binding risk participation, are considered to be guaranteed by the purchaser of the participation for the amount of the participation sold.

### *Netting and Offsetting*

Netting and offsetting of long and short positions is not permitted on the FFIEC 019 report with the exception of the following:

“CUSIP netting”:<sup>2</sup>

- (1) CUSIP netting should only be applied when the office of the reporter with the position, the country of the issuer of the underlying security, and the counterparty to a short position are in the same country.
- (2) as appropriate, the net notional value of credit derivative contracts purchased from and sold to the same counterparty and on the same underlying reference entity. Netting may be done only when all the following apply: (1) there are offsetting purchased and sold positions on the same reference entity (on a legal entity basis), (2) the contracts are with the same counterparty, (3) the

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2. “CUSIP netting” refers to the industry practice where trading assets and trading liabilities in the same security (based on its unique security identifier) may be reported on a net basis.

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# General Instructions

contracts are subject to a legally enforceable master netting agreement. The positive fair values of derivative contracts may be offset against negative fair values of derivatives contracts if, and only if, the positions were executed with the same counterparty under a legally enforceable master netting agreement and the offsetting meets the ASC Subtopic 210-20 criteria. Otherwise, positive fair values must be reported gross.

In addition, reverse repurchase agreements may be offset by repurchase agreements if, and only if, the transactions were executed with the same counterparty under a legally enforceable master repurchase agreement (including multi-jurisdictional and multi-branch master netting agreements) and the offsetting meets the criteria in ASC Subtopic 210-20, Balance Sheet—Offsetting. When repurchase agreements are covered by master repurchase agreements, net claim positions should be reported. In addition, for purposes of the FFIEC 019, net claims resulting from repurchase agreements under multi-jurisdictional and/or multi-branch master repurchase agreements are considered guaranteed by counterparty's head office, or the designated office ("the counterparty") subject to the agreement and should be reported in the country of the counterparty on both an immediate-counterparty and ultimate-risk basis.

## Remaining Maturity

For loans on which the entire principal is to be repaid on a single date, the term "remaining maturity" refers to the time remaining from the "as of" report date to the expiration date of the loan. For loans on which portions of the principal are scheduled to be repaid on several different dates that may fall into more than one maturity category, the loan should be allocated to the appropriate maturity categories on the basis of the time remaining to each payment date from the "as of" report date. Revolving credits should be classified by the date on which repayment of principal may be required. If a loan or obligation has been refinanced or rescheduled and has a new maturity date, the new maturity date should be used to determine the proper maturity category.

## Specific Instructions for Allocating Claims to the Rows

This report form contains rows for the home country and individual foreign countries. Data should be allocated to the rows as described below.

### Home Country

Home country is determined by the principal residence address of an individual, partnership, or corporation, and any government or political subdivision, agency, or instrumentality thereof.

### Foreign Countries

A foreign country is any country other than the United States as defined on page GEN-2. For claims reported on an immediate-counterparty basis, report claims for the corresponding country of legal residence (i.e., the country of incorporation or charter or, for a bank branch, the country where the branch is licensed) of the immediate counterparty. For claims reported on an ultimate-risk basis, report claims in the row corresponding to the country of legal residence (i.e., the country of incorporation or, for a bank branch, the country where the parent bank is chartered) of the ultimate obligor. (See the definition of Claims on page GEN-3 for more information.)

Exposures on non-bank financial institutions (NBFIs) should be reported for the country where the institution is incorporated, or otherwise chartered. Institutions such as hedge funds and Special Purpose Vehicles (SPV) should be reported according to the country of legal residence (country of incorporation) of the fund/vehicle, not according to the location of the fund managers or beneficial owners of the fund/vehicle.

## Instructions For Specific Columns of the Report

Columns 1 through 12 are to be filled out for the home country and for foreign countries to which the adjusted exposure of the reporting institution, as calculated in Column 4 is at least \$20 million. (*The United States is not to be reported as one of the foreign countries.*) However, if the total adjusted exposure of the respondent is less than \$20 million, the values reflected in the corre-

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# General Instructions

sponding columns to that country (other than the home country) should be left blank.

## Column 1: Total Direct Claims on Foreign Residents

Report in this column, by country (for the home country and the foreign countries indicated above), the total of the reporting institution's direct claims on "foreign residents" as defined above. Do not report direct claims on any other countries.

Note: For each country to which its exposure is at least \$20 million, this total should be equal to or greater than the sum of the following items for that country on the TIC reports: Column 6, form BC, and Columns 3 and 4, form BQ-2. (Because the TIC reports exclude foreign long-term securities and accrued income, the amounts reported on this form will exceed those reported on the TIC forms to the extent that the totals reported here include such items.)

## Column 2: Claims in Column 1 on Borrowers with a Head Office or Guarantor in Another Country

For each country on which direct claims are reported in Column 1, report in Column 2 the amount that:

- (1) is guaranteed by residents of another country (including residents of the United States)
- or
- (2) represents claims on agencies or branches of a bank with a head office in a country (including the United States) other than the one named on the line.

The amount shown in this column should be reported against the country for which the direct claim is reported in Column 1, *not* against the country of the guarantor or head office, which might not even be among the countries listed in the report.

## Column 3: Guarantees and Other Indirect Claims for which the Country Listed in the Country Column Is the Country of the Head Office or Guarantor

For each country on which direct claims are reported in Column 1, report in Column 3 the amount of:

- (1) any indirect claims on residents of this country, which arise from their guarantees of claims on residents of other countries; and
- (2) any claims on branches or agencies located outside the country named on the line but whose head office is located in this country.

In Column 3, the amounts of such indirect claims are to be reported against the country of the guarantor or head office (if that country is one of those listed by the respondent) *not* against the country of the direct claims.

The country against which the exposure constitutes a direct claim may or may not be one of the countries listed in the report by a given respondent; therefore, for any given respondent, the amount reported in Column 3 for the country of the guarantor or head office may or may not be reflected in Columns 1 and 2. This would be the case, for example, with direct claims on U.S. borrowers that are guaranteed by residents of a country listed in the report.

The amount guaranteed should be included in Column 3 but would not be reported in Columns 1 and 2. (See examples B and L, below.) However, claims on U.S. branches and agencies of the respondent's own bank (i.e., on those offices that are domiciled in the 50 states of the United States and the District of Columbia) are not to be reported in Column 3, in order to avoid counting claims on these affiliated U.S. offices as indirect home-country exposure.

## Column 4: Total Adjusted Claims on Foreign Residents

For each country on which direct claims are reported in Column 1, the amount reported in Column 4 is determined by subtracting the amount in Column 2 from Column 1 and then adding the amount shown in Column 3.

## Column 5: Adjusted Claims on Related Non-U.S. Offices

The amount reported in Column 5, which pertains to the home country only, is that portion of Column 4 that represents *adjusted* claims on related offices in the home country. As suggested above, these adjusted claims would include claims on the reporting branch's

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# General Instructions

or agency's head office, on its non-U.S. branches and agencies, and on other "related non-U.S. offices." However, they *exclude* claims of the reporter on any related *U.S.* offices.

## Examples of Entries of Columns 1–5

The specific treatment of a given claim, including whether or not it is reported, generally depends upon two factors. They are:

- (1) whether the obligor (either direct or indirect) is a resident of the reporter's home country or of one of the foreign countries on which direct claims are reported in Column 1 on the report, and
- (2) whether the direct claim is guaranteed by a resident of another country.

Other more specialized considerations affect the reporting of claims on related institutions, as indicated in the instructions.

The following examples illustrate how claims with certain characteristics would be reflected in the report. The examples all assume that the respondent is a New York branch of a foreign bank and that the foreign countries listed are those on which its total adjusted claims are at least \$20 million for each country. The countries used in the examples are for illustration purposes only. The countries shown in the report by any given respondent will be different, depending on the respondent's own pattern of adjusted claims. In each example, the only entries shown are those that pertain to the specific claim described. Note that no entries should be made (and no examples are shown) when neither the country of the direct obligor nor the country of the guarantor is one of the (potentially) six countries listed.

Direct claims on residents of a listed country that are not guaranteed by parties in any other countries are reflected only in Columns 1 and 4. See Example A for such claims on a country other than the home country and Example H for such claims on the home country. All of the other examples involve "external" guarantees and show the entries required in Columns 2 and 3 (and when appropriate in Column 5) to reflect these guarantees and to make the necessary adjustments.

## Column 6: Total Adjusted Claims on Unrelated Foreign Residents

For the home country, enter in Column 6 the amount reported in Column 4 minus the amount reported in Column 5. For each other country listed, enter in this column the same amount reported in Column 4.

## Distribution of Adjusted Claims on Unrelated Foreign Residents, as Reported in Column 6

This section distributes the adjusted claims reported in Column 6 by the type of obligor (in Columns 7–9) and by the remaining maturity (in Columns 10 and 11).

### Columns 7–9: By Type of Borrower or Guarantor

For each country on which direct claims are reported in Column 1, distribute the amount entered in Column 6 by type of borrower or guarantor: Column 7, Foreign Public Borrowers; Column 8, Unrelated Foreign Banks; and Column 9, Other Unrelated Foreign Residents. (See definitions above.) The sum of Columns 7, 8, and 9 must equal Column 6.

### Columns 10–11: By Remaining Maturity

For each country on which direct claims are reported in Column 1, distribute the amounts shown in Column 6 by length of remaining maturity: Column 10, one year or less; and Column 11, more than one year. The sum of Columns 10 and 11 must equal Column 6.

## Column 12: Commercial and Standby Letters of Credit and Legally Binding Loan Commitments

Report in this column on the appropriate country line the respondent's outstanding and unused letters of credit (both commercial and standby) that have been issued for account parties that are residents of the countries listed in the respondent's report. Include letters of credit issued to related non-U.S. parties. (For further discussion of letters of credit refer to the instructions for Schedule L, items 3 and 4, of the form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks.") Report letters of credit opposite the country of the direct obligor and do not adjust for any guarantees.

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# General Instructions

The respondent should also report in this column the unused portions of commitments that obligate the reporting branch or agency to extend credit in the form of loans or participation in loans, lease financing

receivables, or similar transactions. Report only those commitments for which the branch or agency has charged a commitment fee or other consideration, or otherwise has a legally binding commitment.

# General Instructions

## Examples

A. U.S. branch of a Japanese bank has a \$100 million claim on a Swiss branch of a Swiss bank, with no guarantees involved. Entries would be:

Country <sup>1</sup>	Country Code	Direct Claims	Indirect Claims		Adjusted Total	Claims Related
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
HOME COUNTRY:						
Japan	42609					
FOREIGN COUNTRIES:						
Canada	29998					
United Kingdom	13005					
France	10804					
Brazil	30309					
Switzerland	12688	100			100	

B. U.S. branch of a Japanese bank has a \$100 million claim on a U.S. branch of a Swiss bank. Entries would be:

Country <sup>1</sup>	Country Code	Direct Claims	Indirect Claims		Adjusted Total	Claims Related
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
HOME COUNTRY:						
Japan	42609					
FOREIGN COUNTRIES:						
Canada	29998					
United Kingdom	13005					
France	10804					
Brazil	30309					
Switzerland	12688			100	100	

<sup>1</sup> The countries shown in these examples are for purposes of illustration only. The countries listed and reported by each respondent will depend upon that respondent's own home country and pattern of total adjusted claims and will therefore vary from respondent to respondent.

# General Instructions

C. U.S. branch of a Japanese bank has a \$100 million claim on a U.K. branch of a Swiss bank. Entries would be:

Country <sup>1</sup>	Country Code	Direct Claims	Indirect Claims		Adjusted Total	Claims Related
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
HOME COUNTRY:						
Japan	42609					
FOREIGN COUNTRIES:						
Canada	29998					
United Kingdom	13005	100	100			
France	10804					
Brazil	30309					
Switzerland	12688			100	100	

D. U.S. branch of a Japanese bank has a \$100 million claim on a U.K. branch of a Mexican bank. Entries would be:

Country <sup>1</sup>	Country Code	Direct Claims	Indirect Claims		Adjusted Total	Claims Related
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
HOME COUNTRY:						
Japan	42609					
FOREIGN COUNTRIES:						
Canada	29998					
United Kingdom	13005	100	100		0	
France	10804					
Brazil	30309					
Switzerland	12688					

<sup>1</sup> The countries shown in these examples are for purposes of illustration only. The countries listed and reported by each respondent will depend upon that respondent's own home country and pattern of total adjusted claims and will therefore vary from respondent to respondent.

# General Instructions

E. U.S. branch of a Japanese bank has a \$100 million claim on a U.K. branch of its own Japanese parent bank. Entries would be:

Country <sup>1</sup>	Country Code	Direct Claims	Indirect Claims		Adjusted Total	Claims Related
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
HOME COUNTRY:						
Japan	42609			100	100	100
FOREIGN COUNTRIES:						
Canada	29998					
United Kingdom	13005	100	100		0	
France	10804					
Brazil	30309					
Switzerland	12688					

F. U.S. branch of a Japanese bank has a \$100 million claim on a U.K. branch of an unrelated Japanese bank. Entries would be:

Country <sup>1</sup>	Country Code	Direct Claims	Indirect Claims		Adjusted Total	Claims Related
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
HOME COUNTRY:						
Japan	42609			100	100	
FOREIGN COUNTRIES:						
Canada	29998					
United Kingdom	13005	100	100		0	
France	10804					
Brazil	30309					
Switzerland	12688					

<sup>1</sup> The countries shown in these examples are for purposes of illustration only. The countries listed and reported by each respondent will depend upon that respondent's own home country and pattern of total adjusted claims and will therefore vary from respondent to respondent.

# General Instructions

G. U.S. branch of a Japanese bank has a \$100 million claim on its own Japanese parent bank. Entries would be:

Country <sup>1</sup>	Country Code	Direct Claims	Indirect Claims		Adjusted Total	Claims Related
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
<b>HOME COUNTRY:</b>						
Japan	42609	100			100	100
<b>FOREIGN COUNTRIES:</b>						
Canada	29998					
United Kingdom	13005					
France	10804					
Brazil	30309					
Switzerland	12688					

H. U.S. branch of a Japanese bank has a \$100 million claim on an unrelated Japanese business with no guarantees involved. Entries would be:

Country <sup>1</sup>	Country Code	Direct Claims	Indirect Claims		Adjusted Total	Claims Related
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
<b>HOME COUNTRY:</b>						
Japan	42609	100			100	
<b>FOREIGN COUNTRIES:</b>						
Canada	29998					
United Kingdom	13005					
France	10804					
Brazil	30309					
Switzerland	12688					

<sup>1</sup> The countries shown in these examples are for purposes of illustration only. The countries listed and reported by each respondent will depend upon that respondent's own home country and pattern of total adjusted claims and will therefore vary from respondent to respondent.

# General Instructions

I. U.S. branch of a Japanese bank has a \$100 million claim on a U.K. business guaranteed by a U.S. bank. Entries would be:

Country <sup>1</sup>	Country Code	Direct Claims	Indirect Claims		Adjusted Total	Claims Related
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
HOME COUNTRY:						
Japan	42609					
FOREIGN COUNTRIES:						
Canada	29998					
United Kingdom	13005	100	100		0	
France	10804					
Brazil	30309					
Switzerland	12688					

J. U.S. branch of a Japanese bank has a \$100 million claim on a Swiss business guaranteed by a U.K. bank. Entries would be:

Country <sup>1</sup>	Country Code	Direct Claims	Indirect Claims		Adjusted Total	Claims Related
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
HOME COUNTRY:						
Japan	42609					
FOREIGN COUNTRIES:						
Canada	29998					
United Kingdom	13005			100	100	
France	10804					
Brazil	30309					
Switzerland	12688	100	100		0	

<sup>1</sup> The countries shown in these examples are for purposes of illustration only. The countries listed and reported by each respondent will depend upon that respondent's own home country and pattern of total adjusted claims and will therefore vary from respondent to respondent.

# General Instructions

K. U.S. branch of a Japanese bank has a \$100 million claim on a Canadian business guaranteed by the latter's U.S. parent corporation. Entries would be:

Country <sup>1</sup>	Country Code	Direct Claims	Indirect Claims		Adjusted Total	Claims Related
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
HOME COUNTRY:						
Japan	42609					
FOREIGN COUNTRIES:						
Canada	29998	100	100		0	
United Kingdom	13005					
France	10804					
Brazil	30309					
Switzerland	12688					

L. U.S. branch of a Japanese bank has a \$100 million claim on a U.S. business guaranteed by the latter's Swiss parent corporation. Entries would be:

Country <sup>1</sup>	Country Code	Direct Claims	Indirect Claims		Adjusted Total	Claims Related
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
HOME COUNTRY:						
Japan	42609					
FOREIGN COUNTRIES:						
Canada	29998					
United Kingdom	13005					
France	10804					
Brazil	30309					
Switzerland	12688			100	100	

<sup>1</sup> The countries shown in these examples are for purposes of illustration only. The countries listed and reported by each respondent will depend upon that respondent's own home country and pattern of total adjusted claims and will therefore vary from respondent to respondent.

# General Instructions

M. U.S. branch of a Japanese bank has a \$15 million claim on a U.S. business guaranteed by the latter's German parent corporation. Entries would be:

Country <sup>1</sup>	Country Code	Direct Claims	Indirect Claims		Adjusted Total	Claims Related
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
<b>HOME COUNTRY:</b>						
Japan	42609					
<b>FOREIGN COUNTRIES:</b>						
Canada	29998					
United Kingdom	13005					
		(No Entries for any country shown because, in this example, the country of the guarantor, Germany, is not one of the foreign countries to which the reporter has an exposure of at least \$20 million.)				
France	10804					
Brazil	30309					
Switzerland	12688					

<sup>1</sup> The countries shown in these examples are for purposes of illustration only. The countries listed and reported by each respondent will depend upon that respondent's own home country and pattern of total adjusted claims and will therefore vary from respondent to respondent.