The FFIEC 009a report, which has been revised effective December 31, 2013, provides quarterly data on non-U.S. exposures of United States banks, savings associations, bank holding companies, Edge and/or Agreement corporations, and savings and loan holding companies (U.S. banking institutions) where claims on an ultimate-risk basis for a given country exceed one percent of the U.S. banking institution’s total assets or 20 percent of its total capital, whichever is less.

The FFIEC 009a is a subset of data collected on the FFIEC 009, which is published quarterly on an aggregate basis in the FFIEC E.16 Statistical Release Country Exposure Lending Survey. Total cross-border exposures reported on the FFIEC 009a align with the cross-border disclosures reported in the U.S. Security and Exchange Commission’s (SEC) Form 10-K. However, cross-border exposures differ from country risk exposures and the differences are outlined in U.S. banking institutions’ SEC Form 10-K.

**Consolidation Rules:**

U.S. banking institutions should consolidate following U.S. generally accepted accounting principles (GAAP).

**Accounting Rules:**

All positions are reported on a gross basis, with the following exceptions:

- Trading assets and trading liabilities in the same exact security may be reported on a net basis, also referred to as “CUSIP netting.”

- Positive fair values of derivative contracts may be offset against negative fair values if, and only if, the transactions were executed with the same counterparty under a legally enforceable master netting agreement.

**Valuation Rules:**

All balances are reported as of the last day of the quarter and in U.S. dollars regardless of the currencies in which the balances are denominated. The translations should be made on the same basis described in U.S. GAAP.
TOTAL CROSS-BORDER EXPOSURES

Total cross-border exposures of U.S. banking institutions include cross-border and foreign-office claims, commitments, and guarantees on an ultimate-risk basis.

Claims on an Ultimate-Risk Basis:

Cross border claims and foreign-office claims on local residents (including claims on derivative contracts) are reported on an ultimate-risk basis, that is, by country of guarantor after applying adjustments for guarantees or eligible collateral.

Eligible collateral is collateral that is (a) liquid and readily-realizable, and (b) realizable outside of the country of residence of the borrower. Eligible collateral includes cash and investment grade debt or marketable equity securities. Assets such as real estate are not liquid or readily realizable and therefore are not considered eligible collateral.

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. However, 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 branches on an ultimate-risk basis are reported in the bank sector in the country in which the parent institution is chartered.

Commitments and Guarantees on an Ultimate-Risk Basis:

Commitments and guarantees on an ultimate-risk basis constitute commitments of U.S. banking institutions in the form of:

- Unused Commitments: Unused portions of all outstanding cross-border and local office commitments to provide credit are allocated to the country of residence of the ultimate obligor if the commitment were to be drawn.

- Guarantees (Excluding Credit Derivatives): Guarantees and insurance contracts issued are allocated to the country of the reference entity underlying the guarantee, not the location of the counterparty to the guarantee.
- **Credit Derivatives Sold:** The gross notional value of credit derivatives sold is allocated to the country of the reference entity underlying the credit derivative, not the location of the counterparty to the credit derivative.

**MITIGANTS AND OTHER INFORMATION ON CROSS-BORDER EXPOSURES**

The report also is designed to provide information on the amount of collateral and other mitigants that are not taken into consideration in the reporting of total cross-border exposures and other information that may be useful in evaluating cross-border exposures. In addition, the report provides information on the type of claims (securities held in the banking book and assets held in the trading book), sector of the counterparty, and maturity information.

**Collateral mitigants** are collateral not reflected as risk transfers in the reallocation of claims to an ultimate-risk basis. This is the case for resale agreements, securities lending arrangements, and other similar financing agreements where the claims are reported on an ultimate-risk basis against the country of the counterparty, not the country of the issuer of the underlying securities. In addition, the report includes information on claims where the collateral provided was cash and collateralized claims where the country of the ultimate obligor (the issuer of the collateral or holder of the cash) is the same as country of the immediate counterparty. It should be noted that these collateral items are not mutually exclusive or comprehensive.

**Other mitigants** are offsetting positions which can mitigate risks in the trading book. This item provides the portion of trading assets that can be offset by short positions at the level of the issuer (legal entity basis) and the instrument (debt versus debt and equity versus equity).

The report also provides the following information that may be useful in evaluating cross-border exposures:

- **Gross Total Credit Derivatives Purchased:** Provides the gross amount of credit derivatives purchased exclusive of credit derivatives used to mitigate a banking book risk that are already reflected in the allocation of ultimate-risk claims.

- **Gross-Net Total Credit Derivatives:** Provides the net notional amount of credit derivatives sold and purchased where the underlying reference entity is the same, the contracts are with the same counterparty, and the contracts are subject to a legally enforceable master netting agreement.
- **Gross Foreign-Office Liabilities:** Provides information on liabilities booked at the reporter’s foreign offices, for which payments are not guaranteed at locations outside the country of the office.