4-14-2004 DRAFT

SELECTED BALANCE SHEET ITEMS FOR DISCOUNT WINDOW BORROWERS
INSTRUCTIONS

Purpose of Report

The Federal Reserve System uses data from this report to ensure that discount window borrowing is appropriate.

Reporting Burden

Public reporting burden for this collection of information is estimated to range from six minutes to one hour per response, depending on which other reporting forms the respondent routinely files. The average burden is estimated to be forty-five minutes for primary or secondary credit borrowers and fifteen minutes for seasonal credit borrowers. These estimates include time for gathering and maintaining data in the required form and for reviewing instructions and completing the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, DC 20551; and to the Office of Management and Budget, Paperwork Reduction Project (7100-0289), Washington, DC 20503.

Scope

The office coverage of this report and, as applicable, the consolidation basis, correspond to the reporting institution's condition report filed with a federal supervisory agency, as follows. (As noted later in these instructions, the definitions of items on the FR 2046 also correspond in general to definitions on the institution's condition report).

1. **For U.S. commercial banks (and BIF–insured savings banks),** the FR 2046 corresponds to the quarterly *Consolidated Reports of Condition and Income* ("Call Report") (FFIEC 031 and 041).

   The FR 2046 covers only the **domestic offices** of the reporting bank, that is, the bank's head office; all branches located in the 50 states of the U.S., in the District of Columbia, or at a U.S. military facility, wherever located; and subsidiaries (except Edge and Agreement corporations) located in the 50 states of the U.S. or the District of Columbia that are consolidated in the domestic-office Call Report. (Please note that International Banking Facilities (IBFs) are foreign, not domestic, offices of the reporting bank.) **For banks with domestic offices only**, the coverage of the FR 2046 is the same as the *Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only* (FFIEC 041).

   For banks with foreign offices–that is, branches or subsidiaries located in Puerto Rico, U.S. territories or possessions, or in foreign countries; Edge or Agreement subsidiaries (including both their U.S. and their foreign offices); or an IBF–the coverage of the FR 2046 is the same as the **domestic–office part** of the *Consolidated Reports of Condition and Income for a Bank With Domestic and Foreign Offices* (FFIEC 031).

   Please refer to the Call Report instructions for detailed information on consolidation. However, for purposes of the FR 2046, accounts of domestic subsidiaries that are not available on a timely basis may be consolidated with a lag, or amounts reported for such subsidiaries may be estimated for use in the process of consolidation. Also, where line–by–line exclusion of transactions with foreign offices is not possible within the given time schedule, amounts to be excluded may be estimated.

   Note: For filers of the *Weekly Report of Assets and Liabilities for Large Banks* (FR 2416) or the *Weekly Report of Selected Assets* (FR 2644), the FR 2046 also is comparable to those reports.

2. **For U.S. branches and agencies of foreign (non–U.S.) banks,** the FR 2046 corresponds to the *Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks* (FFIEC 002), with one major difference: the FR 2046 collects data on the branch or agency *excluding* its own IBF. With the IBF exclusion, the FR 2046 is comparable to the *Weekly Report of Assets and Liabilities for Large U.S. Branches and Agencies of Foreign Banks* (FR 2069).

3. **For savings and loan associations and savings banks** (SAIF–insured), the FR 2046 corresponds to the *Thrift Financial Report* (OTS Form 1313).

4. **For credit unions,** the FR 2046 corresponds to the *Financial and Statistical Report* (NCUA 5300).

Any FR 2046 respondent that does not file one of the above condition reports should contact its Federal Reserve Bank for instructions.

Frequency

The report is filed weekly as requested by the Federal Reserve Bank. For primary and secondary credit borrowers, each weekly report covers five days of data (business days) for the week ending on Wednesday. For seasonal credit borrowers, the report covers Wednesday–only data.

4-14-2004 DRAFT

Preparation of Reports

This report collects amounts outstanding, reported to the nearest thousand U.S. dollars, as of the close of business each day. For any day on which the reporting institution was closed, report the closing balance as of the preceding day.

Exceptions to Reporting

Institutions that file the Federal Reserve's *Report of Transaction Accounts, Other Deposits and Vault Cash* (FR 2900) *weekly* need not report Item 5, Total deposits, on the FR 2046.

Seasonal credit borrowers that file one of the following Federal Reserve reports need not report Item 1, Total securities, Item 2, Federal funds sold and resale agreements, Item 3, Total loans, or Item 4, Total assets, on the FR 2046:

FR 2416	*Weekly Report of Assets and Liabilities for Large Banks*
FR 2644	*Weekly Report of Selected Assets*
FR 2069	*Weekly Report of Assets and Liabilities for Large U.S. Branches and Agencies of Foreign Banks*

Item Definitions

In general, definitions of items on the FR 2046 correspond to item definitions on the institution's condition report cited above. A table that indicates the item–by–item relationships between the FR 2046 and the appropriate condition report accompanies these instructions.

For those items that correspond exactly to items on the condition reports, definitions are not repeated in these instructions. For such definitions, please refer to the instructions for preparation of the appropriate condition report. For savings and loan association and savings bank filers of the OTS Form 1313 and for credit union filers of the NCUA 5300, Items 2 and 6 on the FR 2046 do not correspond to condition report items and specific instructions are provided below under "Supplementary Instructions." (These instructions also may be used as an overview by U.S. commercial banks and U.S. branches and agencies of foreign banks, with full details provided in the instructions for their respective condition reports.)

Supplementary Instructions (for savings and loan association and savings bank filers of the OTS Form 1313 and for credit union filers of the NCUA Form 5300)

Provided below are instructions for Item 2, Federal funds sold and resale agreements, and Item 6, Federal funds purchased and repurchase agreements. Definitions of certain terms used in these instructions follow.

Item 2. Federal funds sold and resale agreements (or "reverse repurchase agreements") (asset item). Report the dollar amount outstanding of:

(1) Immediately–available funds *lent* under agreements or contracts that *have an original maturity of one business day or roll over under a continuing contract*, regardless of the nature of the transaction or the collateral involved (that is, whether unsecured, secured, or involving a resale agreement in securities, loans, or any other instruments), excluding overnight lending for commercial and industrial purposes.

This includes sales of "federal funds," securities purchased under agreements to resell, and other assets purchased under agreements to resell, that involve the receipt of immediately–available funds and mature in one business day or roll over under a continuing contract.

(2) *Securities* purchased under agreements to resell that mature in *more* than one business day.

(3) Purchases of participations in pools of securities, regardless of maturity.

Exclude from Item 2:

(1) Sales of "term" federal funds, that is, those with maturities of more than one business day.

(2) Due bills representing purchases of securities or other assets by the reporting institution that have not yet been delivered and similar instruments, whether collateralized or uncollateralized.

(3) Resale agreements that mature in more than one business day involving assets *other than* securities.

(4) Yield maintenance dollar repurchase agreements (also called "dollar rolls").

(5) Sales of assets.

Item 6. Federal funds purchased and repurchase agreements (exclude Federal Reserve Bank (FRB) borrowings) (liability item). Report the dollar amount outstanding of:

(1) Immediately–available funds *borrowed* under agreements or contracts that *have an original maturity of one business day or roll over under a continuing contract*, regardless of the nature of the transaction or the collateral involved (that is, whether unsecured, secured, or involving a repurchase agreement in securities, loans, or any other instruments).

This includes purchases of so–called "federal funds," securities sold under agreements to repurchase, and other assets sold under agreements to repurchase, that involve the receipt of immediately–available funds and mature in one business day or roll over under a continuing contract.

(2) *Securities* sold under agreements to repurchase that mature in *more* than one business day.

(3) Sales of participations in pools of securities, regardless of maturity.

Exclude from Item 6:

(1) Purchases of "term" federal funds, that is, those with maturities of more than one business day.

(2) Due bills created representing the reporting institution's receipt of payment and similar instruments, whether collateralized or uncollateralized.

(3) Repurchase agreements that mature in more than one business day involving assets *other than* securities.

(4) So-called yield maintenance dollar repurchase agreements (also called "dollar rolls").

(5) Purchases of assets.

(6) Discount window borrowings and similar advances from a Federal Reserve Bank, advances from a Federal Home Loan Bank, and advances from the NCUA Central Liquidity Facility. (Please note, however, that repurchase agreements with these institutions are *included* in Item 6 if they meet the criteria stipulated in the inclusion list above.)

Definitions of terms

Federal funds transactions involve lending (federal funds sold) or borrowing (federal funds purchased) in domestic offices of immediately available funds under agreements that have an original maturity of one business day or rollover under a continuing contract.

Repurchase/resale agreements. A **repurchase agreement** is a transaction involving the "sale" of financial assets by one party to another, subject to an agreement by the seller to repurchase the assets at a specified date or in specified circumstances. A **resale agreement** (also known as a reverse repurchase agreement) is a transaction involving the purchase of financial assets by one party from another, subject to an agreement by the purchaser to resell the assets at a specified date or in specified circumstances. Repurchase/resale agreements can involve U.S. government and federal agency securities, other securities, loans, and other assets.

Immediately–available funds are funds that the purchaser can either use or dispose of on the same business day that the transaction giving rise to the receipt or disposal of the funds is executed.

The borrowing or lending of immediately–available funds is for **one business day** if the funds borrowed on one business day are to be repaid or the transaction reversed on the next business day—that is, if immediately–available funds borrowed today are to be repaid tomorrow (in tomorrow's immediately–available funds). Such transactions include those made on a Friday to mature or be reversed the following Monday and those made on the last business day prior to a holiday (for either or both parties to the transaction) to mature or be reversed on the first business day following the holiday.

A **continuing contract** is a contract or agreement that remains in effect for more than one business day but has no specified maturity and does not require advance notice of either party to terminate. Such contracts may also be known as rollovers or as open–ended agreements.

4-14-2004 DRAFT

Comparison Table for U.S. Commercial Banks (and other institutions filing the FFIEC 031 and 041)

FR 2046 item	Consolidated Reports of Condition and Income	
	FFIEC 031	**FFIEC 041**
1. Total securities	RC – Balance Sheet, domestic office part of: + Held-to-maturity securities, Item 2.a + Available-for-sale securities, Item 2.b + Trading assets, Item 5	Schedule RC – Balance Sheet + Held-to-maturity securities, Item 2.a + Available-for-sale securities, Item 2.b + Trading assets, Item 5
2. Federal funds sold and resale agreements	+ RC – Balance Sheet, Federal funds sold in domestic offices, Item 3a + RC-H – Selected Balance Sheet Items for Domestic Offices, Securities purchased under agreements to resell, Item 3	Schedule RC – Balance Sheet + Federal funds sold, Item 3a + Securities purchased under agreements to resell, Item 3b
3. Total loans[1]	RC-C – Loans and Lease Financing Receivables, Part I. Total loans and Leases, net of unearned income, Column B, Item 12	Schedule RC-C – Loans and Lease Financing Receivables, Part I. Total loans and leases, net of unearned income, Column B, Item 12
4. Total assets	RC-H – Selected Balance Sheet Items for Domestic Offices: + Net due *from* own foreign offices, Edge and agreement subsidiaries, and IBFs, Item 6 + Total assets (excludes net due from foreign offices, Edge and agreement subsidiaries and IBFs), Item 8	Schedule RC – Balance Sheet, Total assets, Item 12
5. Total deposits (Unless reported weekly on the FR 2900)	RC – Balance Sheet, Deposits in domestic offices, Item 13.a	Schedule RC – Balance Sheet, Deposits in domestic offices, Item 13.a
6. Federal funds purchased and repurchase agreements (exclude Federal Reserve Bank borrowings)	+ RC – Balance Sheet, Federal funds purchased in domestic offices, Item 14a + RC-H – Selected Balance Sheet Items for Domestic Offices, Securities sold under agreements to repurchase, Item 4	Schedule RC – Balance Sheet + Federal funds purchased, Item 14a + Securities sold under agreement to repurchase, Item 14b

1. This item corresponds to the treatment of loans on the Call Report and excludes federal funds sold and securities purchased under agreements to resell that mature in one business day or that roll over under continuing contract. Such funds are reported separately in Item 2 of this report. However, Item 3 does include sales of so–called "term" federal funds (that is, federal funds with a maturity of more than one day).

4-14-2004 DRAFT

Comparison Table for U.S. Branches and Agencies of Foreign Banks

Exclude transactions of the reporting institution's own IBF(s) with nonrelated parties and related depository institutions

FR 2046 item	Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002), (excluding IBFs as noted above) Schedule RAL – Assets and Liabilities
1. Total securities	+ U.S. Treasury securities, Item 1.b(1) + U.S. government agency obligations, Item 1.b(2) + Securities of foreign governments and official institutions, Item 1.c(1), Column A minus Column B + Mortgage-backed securities issued or guaranteed by U.S. Govt. agencies, Item 1.c(2)a, Column A minus Column B + Other mortgage-backed securities, Item 1.c(2)b, Column A minus Column B + Other asset-backed securities, Item 1.c(3), Column A minus Column B + All other bonds, notes, debentures, and corporate stock (including state and local securities), Item 1.c(4), Column A minus Column B + Trading assets, U.S. Treasury and Agency securities, Item 1.f(1), Column A minus Column B + Other trading assets, Item 1.f(2), Column A minus Column B
2. Federal funds sold and resale agreements	+ Federal funds sold with depository institutions in the U.S., Item 1.d(1)a, Column A minus Column B + Federal funds sold with others, Item 1.d(1)b, Column A minus Column B + Securities purchased under agreements to resell with depository institutions in the U.S., Item 1.d(2)a, Column A minus Column B + Securities purchased under agreements to resell with others, Item 1.d(2)b, Column A minus Column B
3. Total loans	Loans and leases, net of unearned income, Item 1.e, Column A minus Column B
4. Total assets	Total assets, Item 3, Column A minus Column B
5. Total deposits (Unless reported weekly on the FR 2900)	Total deposits and credit balances, Item 4.a, Column A minus Column B
6. Federal funds purchased and repurchase agreements (exclude Federal Reserve Bank borrowings)	+ Federal funds purchased with depository institutions in the U.S., Item 4.b(1)a, Column A minus Column B + Federal funds purchased with others, Item 4.b(1)b, Column A minus Column B + Securities sold under agreements to repurchase with depository institutions in the U.S., Item 4.b(2)a, Column A minus Column B + Securities sold under agreements to repurchase with others, Item 4.d(2)b, Column A minus Column B

4-14-2004 DRAFT

Comparison Table for Savings and Loan Associations

FR 2046 item	Thrift Financial Report (OTS Form 1313), Schedule SC–Consolidated Statement of Condition
1. Total securities	+ U.S. government and agency securities, Item SC130 + Equity securities subject to SFAS No. 115[1], Item SC140 + State and municipal obligations, Item SC180 + Securities backed by nonmortgage loans, Item SC182 + Other investment securities, Item SC185 + Mortgage pool securities, Item SC22 + General valuation allowances, Item SC229
2. Federal funds sold and resale agreements	See specific instructions.
3. Total loans	+ Mortgage loans, Item SC26 + Allowance for loan and lease losses, Item SC283 + Nonmortgage loans, Item SC31 + Allowance for loan and lease losses, Item SC357
4. Total assets	Total assets, Item SC60
5. Total deposits (Unless reported weekly on the FR 2900)	Deposits, Item SC710
6. Federal funds purchased and repurchase agreements (exclude Federal Reserve Bank borrowings)	See specific instructions.

1. "Accounting for Certain Investments in Debt and Equity Securities" from the Financial Accounting Standards Board

4-14-2004 DRAFT

Comparison Table for Credit Unions

FR 2046 item	Financial and Statistical Report (NCUA 5300)
1. Total securities	Schedule C – Investments Classification of Investments – SFAS 115[1] Investments: + Held to Maturity, Item 9, column E + Available for sale, Item 10, column E + Trading, Item 11, column E
2. Federal funds sold and resale agreements	See specific instructions.
3. Total loans	Statement of Financial Condition, Item 22, amount
4. Total assets	Statement of Financial Condition, Item 29
5. Total deposits (Unless reported weekly on the FR 2900)	Statement of Financial Condition, Total shares and deposits, Item 7, amount
6. Federal funds purchased and repurchase agreements (exclude Federal Reserve Bank borrowings)	See specific instructions.

1. "Accounting for Certain Investments in Debt and Equity Securities" from the Financial Accounting Standards Board