

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

INSTRUCTIONS

Purpose of Report

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

Scope

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

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

Consolidation

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

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

Preparation of Reports

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

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

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

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

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

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

Implementation and Reporting of FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." U.S. branches and agencies of foreign banks should incorporate FAS 133 into this report on the first Wednesday after they adopt FAS 133. Derivatives held for purposes *other than trading* must be reported at *fair value* in **item 6 "Other assets including other claims on nonrelated parties,"** or **item 12 "Other liabilities to nonrelated parties,"** as appropriate. For the definition of **"Derivative Contracts"** please refer to the Glossary section (FFIEC 002) instructions.

Definitions

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

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

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

Supplementary Instructions

Item 2. Assets held in trading accounts. U.S. Treasury securities and U.S. Government agency obligations held in trading accounts should be reported

in Item 2.a. All other *assets* held in trading accounts should be reported in Item 2.b, including revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts.

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

Item 5.e. Commercial and industrial loans. The amounts to be reported in this item correspond to those reported in Schedule C, Part I, Items 4.a and 4.b, Column A minus Column B, of the FFIEC 002, *excluding* the amount of bankers acceptances reported in Item 5.b on the FR 2069.

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

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

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

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

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

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

Item 14, Total liabilities. Report the sum of Items 9.a, 9.b, 10.a(1), 10.a(2), 10.b(1), 10.b(2), 11, 12, and 13.

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

Item M.1. Revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts (included in Item 2.b above). The frequency with which revaluation gains are restated (marked to market) may differ across reporting

banks. Those that revalue weekly should report the appropriate amount each week in Item M.1. Those that revalue less frequently should report the most recent value of "revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts" until a new value becomes available.

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

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

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

FR 2069	FFIEC 002
Assets	
1. Cash and balances due from depository institutions	Schedule RAL, Item 1.a, Col. A minus Col. B
2. Assets held in trading accounts ¹	
a. U.S. Treasury securities and U.S. Government agency obligations	Part of Schedule RAL, Item 1.f, Col. A minus Col. B
b. Other trading account assets	Part of Schedule RAL, Item 1.f, Col. A minus Col. B
3. Securities held in investment accounts:	
a. U.S. Treasury securities and U.S. Government agency obligations	Schedule RAL, Items 1.b(1) + 1.b(2), Col. A, + 1.c(2), Col. A minus Col. B
b. Other bonds, notes, debentures, and corporate stock (including state and local securities)	Schedule RAL, Item 1.c(1) + 1.c(3) + 1.c(4), Col. A minus Col. B
4. Federal funds sold and securities purchased under agreements to resell:	
a. With depository institutions in the U.S. (including U.S. branches and agencies of other foreign banks)	Schedule RAL, Item 1.d(1), Col. A minus Col. B
b. With others	Schedule RAL, Item 1.d(2), Col. A minus Col. B
5. Loans (excluding loans to related depository ¹ institutions):	
a. Secured by real estate	Schedule C, Part I, Item 1, Col. A minus Col. B
b. To commercial banks in the U.S. (including U.S. branches and agencies of other foreign banks)	Schedule C, Part I, Items 2.a(1) + 2.a(2), Col. A minus Col. B + acceptances of other banks
c. For purchasing or carrying securities (secured and unsecured) including loans to brokers and dealers	Schedule C, Part I, Item 7, Col. A minus Col. B
d. (Not applicable)	
e. Commercial and industrial loans ¹	Schedule C, Part I, Items 4.a + 4.b, Col. A minus Col. B
f. All other loans ¹	Schedule C, Part I, Items 2.b + 2.c(1) + 2.c(2) + 3 + 6 + 8 + 9.a + 9.b, -10, Col. A minus Col. B
6. Other assets including other claims on nonrelated parties	Schedule RAL, Items 1.g(1), Col. A + 1.g(2), Col. A + 1.h, Col. A minus Col. B
7. Net due from head office and other related depository institutions in the U.S. and in foreign countries	See Supplementary Instructions.
8. Total assets	See Supplementary Instructions.

1. Also see Supplementary Instructions.

FR 2069

FFIEC 002

Liabilities

9. Deposit liabilities and credit balances (excluding transactions with related depository institutions):	
a. Transaction accounts and credit balances	Schedule E, Item 7, Col. A
b. Nontransaction accounts	Schedule E, Item 7, Col. C
10. Borrowings (excluding borrowings from related depository institutions):	
a. Federal funds purchased and securities sold under agreements to repurchase:	
(1) With depository institutions in the U.S. (including U.S. branches and agencies of other foreign banks)	Schedule RAL, Item 4.b(1), Col. A minus Col. B
(2) With others	Schedule RAL, Item 4.b(2), Col. A minus Col. B
b. Other borrowed money:	
(1) Owed to nonrelated commercial banks in the U.S.	Schedule P, Items 1.a + 1.b, Col. A minus Col. B
(2) Owed to others	Schedule P, Items 2.a + 2.b + 3, Col. A minus Col. B
11. Trading liabilities	Schedule RAL, Item 4.e, Col. A minus Col. B
12. Other liabilities to nonrelated parties	Schedule RAL, Item 4.d, Col. A + Item 4.f, Col. A minus Col. B.
13. Net due to head office and other related depository institutions in the U.S. and in foreign countries	See Supplementary Instructions.
14. Total liabilities	See Supplementary Instructions.

Memoranda

M.1. Revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts (included in Item 2.b above). ¹	Schedule RAL, Memo Item 10, Col. A minus Col. B
M.2. Revaluation losses on interest rate, foreign exchange rate, and other commodity and equity contracts (included in Item 11 above). ¹	Schedule RAL, Memo Item 11, Col. A minus Col. B
M.3. Commercial and industrial loans (corresponds definitionally to credit types covered by Item 5.e above). Outstanding principal balance of assets sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements. ¹	Schedule S, Item 1, Col. F

1. Also see Supplementary Instructions.