

FEDERAL RESERVE BANK OF NEW YORK

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KENNETH LAMAR
VICE PRESIDENT

April 14, 2003

To: The Chief Executive Officer of Each U.S. Branch and Agency of a Foreign Bank Located in the Second Federal Reserve District

Enclosed are copies of forms for the following reports for the quarter ending March 31, 2003:

- Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002); and
- Supplemental Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a U.S. Branch or Agency of a Foreign (Non-U.S.) Bank (FFIEC 002S)
- The Country Exposure Report for U.S. Branches and Agencies of Foreign Banks (FFIEC 019)

There are no changes to the FFIEC 002S or FFIEC 019 reporting forms and instructions for **March 31, 2003**. However, there are changes to the FFIEC 002 reporting forms and instructions. Due to the late distribution of the revised FFIEC 002 report form and instructions, extension requests will be accepted, on a case-by-case basis, for institutions that experience difficulty meeting the reporting deadline.

FFIEC 002 Report Changes

Schedule RAL-Assets and Liabilities

- Two new items, "Issued or guaranteed by U.S. Government agencies" (item 1.c(2)a) and "Other" (item 1.c(2)b) have been added to "Mortgage-backed securities" (item 1.c(2)). The addition will provide information on the composition of mortgage-backed securities held by branches and agencies.

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- "Federal funds sold and securities purchased under agreements to resell" (item 1.d) has been divided into separate items, "Federal funds sold" (item 1.d.(1)), "With depository institutions in the U.S." (item 1.d.(1)a), "With others" (item 1.d.(1)b) and "Securities purchased under agreements to resell" (item 1.d.(2)), "With depository institutions in the U.S." (item 1.d.(2)a), "With others" (item 1.d.(2)b). The separation will provide greater insight into the liquidity of branches and agencies.
- "Federal funds purchased and securities sold under agreements to repurchase" (item 4.b) has been divided into separate items, "Federal funds purchased" (item 4.b.(1)), "With depository institutions in the U.S." (item 4.b.(1)a), "With others" (item 4.b.(1)b) and "Securities sold under agreements to repurchase" (item 4.b.(2)), "With depository institutions in the U.S." (item 4.b.(2)a), "With others" (item 4.b.(2)b).
- Two new items, "U.S. Treasury and Agency Securities" (item 1.f(1)) and "Other trading assets" (item 1.f(2)) have been added to "Trading Assets," (item 1.f). The addition will provide information on the composition of the trading assets of branches and agencies.

Schedule L—Derivatives and Off-Balance-Sheet Items

- Two new items, "Gross positive fair value" (Memoranda item 1.a.) and "Gross negative fair value" (Memoranda item 1.b) have been added to "Notional amount of all credit derivatives on which the reporting branch or agency is the guarantor" (Memoranda item 1). The new items will provide a better measure of credit and market risk.
- Two new items, "Gross positive fair value" (Memoranda item 2.a.) and "Gross negative fair value" (Memoranda item 2.b.) have been added to "Notional amount of all credit derivatives on which the reporting branch or agency is the beneficiary" (Memoranda item 2).

Schedule N—Past Due, Nonaccrual, and Restructured Loans

- The addition of "Emergency Contact Information". This information is being requested so the Banking Agencies can distribute critical, time sensitive information to emergency contacts at U.S. branches or agencies. Please provide primary contact information for a senior official of the branch or agency who has decision-making authority. Also provide information for a secondary contact if available. Enter "none" for the contact's e-mail address or fax number if not available. Emergency contact information is for the confidential use of the Agencies and will not be released to the public.

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Schedule O - Other Data for Deposit Insurance Assessments

- The captions for "Deposit accounts of \$100,000 or less" (Memorandum items 1.a) and "Deposit accounts of more than \$100,000" (Memorandum 1.b) were modified to reflect the deposit insurance limits in effect on the report date that are to be used as the basis for reporting the number and amount of deposit accounts in "Total Deposits of the branch (excluding IBF)" (Memorandum item 1). Memorandum item 1, collects information on the number and amount of deposit accounts of (a) \$100,000 or less and (b) more than \$100,000. This information provides the basis for calculating "simple estimates" of the amount of insured and uninsured deposits. The captions for these memorandum items explicitly refer to \$100,000, which is the current deposit insurance limit. Given the purpose of these memorandum items, the dollar amount cited in the caption will be changed if the deposit insurance limit were to change. The revision will ensure that such a change occurs automatically as a function of the deposit insurance limit in effect on the report date.

Schedule S - Securitization and Asset Sale Activities

- The captions for "Deposit accounts of \$100,000 or less" (Memorandum items 1.a) and "Deposit accounts of more than \$100,000" (Memorandum 1.b) were modified to reflect the deposit insurance limits in effect on the report date that are to be used as the basis for reporting the number and amount of deposit accounts in "Total Deposits of the branch (excluding IBF)" (Memorandum item 1). Memorandum item 1, collects information on the number and amount of deposit accounts of (a) \$100,000 or less and (b) more than \$100,000. This information provides the basis for calculating "simple estimates" of the amount of insured and uninsured deposits. The captions for these memorandum items explicitly refer to \$100,000, which is the current deposit insurance limit. Given the purpose of these memorandum items, the dollar amount cited in the caption will be changed if the deposit insurance limit were to change. The revision will ensure that such a change occurs automatically as a function of the deposit insurance limit in effect on the report date.
- "Standby letters of credit, subordinated securities, and other enhancements" (item 2.b) has been separated into two items, one for securitization credit enhancements that are on-balance sheet assets and another for other credit enhancements. This was accomplished by adding "Standby letters of credit and other enhancements" (item 2.c), where branches and agencies will disclose the unused portion of standby letters of credit and the maximum contractual amount of recourse or other credit exposure not in the form of an on-balance sheet asset that has been provided or retained in connection with the securitization structures reported in item 1 of Schedule S. This

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change will enable the agencies to better understand the types of credit support that branches and agencies are providing to their securitizations, including which types are typically used for different types of securitized loans.

Reports Monitoring

Please note that, under the Regulatory Reports Monitoring Program, the timeliness of receipt of each of these reports will be monitored, and that submission of initial data via facsimile, even if prior to the deadline, does not constitute timely filing.

An original and one copy of the completed FFIEC 002 and FFIEC 002S report(s) (if applicable) must be returned to this Bank, by mail or messenger, no later than April 30, 2003. Any FFIEC 002/002S reports received after 5:00 p.m. on April 30 will be considered late unless postmarked by April 28 or sent by overnight service by April 29.

An original and one copy of the completed FFIEC 019 must be returned to this Bank, by mail or messenger by Thursday, May 15, 2003. Any FFIEC 019 received after 5:00 p.m. on May 15 will be considered late unless postmarked by May 13 or sent by overnight service by May 14. Completed reports should be submitted to:

**Federal Reserve Bank of New York
Statistics Function
33 Liberty Street, 4th Floor
New York, NY 10045**

We will also continue to monitor the accuracy of the periodic regulatory reports submitted for the March 31, 2003, report date. The staff of this Reserve Bank will monitor whether banking organizations are meeting their basic reporting requirements through the use of "validity edits." The edits for the FFIEC 002/002S and FFIEC 019 reports that are subject to monitoring are also enclosed.

Electronic Submission Option

Electronic submission of the FFIEC 002/002S reports are available to all U.S. branches and agencies. We encourage you to take advantage of this method of reports submission. Vendors have developed a software package that provides the means to submit the FFIEC 002/002S electronically. Submitting reports electronically using the software package provides the following key benefits:

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- A timely and efficient alternative to sending the report forms by mail;
- Data are checked automatically for miscalculated totals and blank fields; and
- A printed report is generated that can serve as your institution's permanent record of the report.

For information on filing the FFIEC 002/002S report electronically, please contact Carolyn Polite at (212) 720-5415.

Website

The FFIEC 002/002S and FFIEC 019 forms and instructions are available on the FFIEC web site at

http://www.ffiec.gov/ffiec_report_forms.htm.

Annual Regulatory Reporting Seminars

A letter containing information on the U.S. Branches and Agencies seminars scheduled for 2003 was mailed to your institution's Chief Executive Officer in March. If you have any questions about the seminars, you can contact Patricia Maone at (212) 720-7871.

A copy of this letter has been sent to the report liaison designated by your institution. Questions regarding the FFIEC 002/002S reports should be directed to Henry Castillo at (212) 720-1318, Doug Herold at (212) 720-8591 or Alex Santana, Team Leader in the Regulatory Reports Division at (212) 720-6357.

Questions regarding the FFIEC 019 reports should be directed to Patricia Selvaggi, Staff Director of the International Reports Division at (212) 720-8037.

Sincerely,

Signed Kenneth P. Lamar

Kenneth P. Lamar
Vice President
Financial Reports Department

Enclosures