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SENIOR VICE PRESIDENT

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To: The Individual at U.S. Branches and Agencies of Foreign Banks Responsible for Preparing the Weekly Report of Selected Assets and Liabilities of Domestically Chartered Commercial Banks and U.S. Branches and Agencies of Foreign Banks (FR 2644).

Subject: FR 2644 and FFIEC 002 Allowance for Loan Loss Reporting Instructions

We are writing to clarify the reporting of general loan loss reserves on the FR 2644 and FFIEC 002. Specifically, allowance for loan loss treatment differs on the FR 2644 and FFIEC 002 and should be reported as discussed below.

General loan loss reserves, if held at the branch, are reported on the FFIEC 002 in Schedule M, item 2(a), Column B "Due to head office of parent bank", and in Schedule M, Part IV, Item 1, "Amount of allowance for loan losses, if any, carried on the books of the reporting branch or agency including its IBF."

However, general loan loss reserves, if held at the branch, are reported on the FR 2644 in line 4(f), "allowance for loan and lease losses." Line 4(f) should correspond with the value on Schedule M, domestic office part of Part IV, Item 1 of the FFIEC 002. On the FR 2644, lines 6(a)/11(a), "net due from/due to foreign offices," correspond to FFIEC 002 RAL, column A line 2(a)/5(a) minus column B line 2(b)/5(b) which includes the impact of allowance for loan losses. Therefore, FR 2644 lines 6(a) and 11(a) should be adjusted to exclude the allowance.

If you have any questions about the FR 2644 reporting issue, please contact Jamie Ferkov, Reports Analyst of the Regulatory Reports Division, at (212) 720-1862 or Monica Posen, Team leader of that Division, at (212) 720-8239.

Sincerely,
