

w/ser. no. 8672

FEDERAL RESERVE BANK  
OF NEW YORK

November 2, 1979

**PROPOSED REVISION OF FORM F.R. Y-7**

*To the Chief Executive Officer of Each Foreign Bank  
Holding Company, and the Officer in Charge of Each U.S. Agency,  
Branch, or Commercial Lending Company of a Foreign Bank,  
in the Second Federal Reserve District:*

The Board of Governors is seeking public comment on a proposed form, entitled "Annual Report of Foreign Bank Holding Companies, Foreign Banks, and Foreign Parent Companies" (Form F.R. Y-7). The proposed form is a revision of the Form F.R. Y-7 which is currently filed by bank holding companies that are organized under the laws of a foreign country and that meet the Board's definition of a "foreign bank holding company." As a result of the International Banking Act of 1978, the report would also be required from foreign banks with U.S. banking operations, other than through a U.S. subsidiary bank, that are conducted through a branch, agency, or commercial lending company, and from foreign parent companies controlling such foreign banks.

The form would be filed with this Bank on an annual basis three months after the end of the foreign banking organization's fiscal year. Foreign banks that are not bank holding companies and foreign parent companies controlling such foreign banks would be required to file their initial report 120 days after the Board approves the proposed report. The initial filing by these foreign organizations would serve as a Registration Statement with the Board. The initial report should include financial data for one year, as of the latest fiscal year-end prior to the approval date of the report. Existing foreign bank holding companies that have their current fiscal year-end on October 31, 1979 or after would be required to file the new report instead of the current F.R. Y-7 report, but these companies would have an extension of time to file their Annual Report until 120 days after the proposed report is approved by the Board.

A copy of the *Federal Register* notice and the proposed form are enclosed for your comments. Officers in charge of agencies, branches, or commercial lending companies of foreign banks operating in the U.S. are asked to send copies of the documents to their parent banking organization for comment.

Your attention is directed to the *Federal Register* notice, which identifies issues on which specific comments are requested. Comments must be received by January 4, 1980 and may be sent to our Bank Analysis Department. Inquiries may be directed to Donald E. Schmid, Manager, Bank Analysis Department (Tel. No. 212-791-6611).

THOMAS M. TIMLEN,  
*First Vice President.*



## FEDERAL RESERVE SYSTEM

Proposed Report Requirement:  
Annual Report of Foreign Bank Holding  
Companies, Foreign Banks, and Foreign Parent Companies

(Docket No. R-0256)

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Proposed report.

**SUMMARY:** The Board of Governors of the Federal Reserve System is submitting for public comment a proposed form for the Annual Report of Foreign Bank Holding Companies, Foreign Banks, and Foreign Parent Companies (Form F.R. Y-7). The report is authorized by the Bank Holding Company Act of 1956 ("BHC Act"), the International Banking Act of 1978 ("IBA Act"), and the Board's Regulation Y. The proposal is a revision of the F.R. Y-7 which is currently filed by bank holding companies organized under the laws of a foreign country and meeting the Board's definition of a "foreign bank holding company." As a result of the International Banking Act of 1978, the proposed report will also be filed by foreign banks with U.S. banking operations, other than through a U.S. subsidiary bank, that are conducted through a branch, agency, or commercial lending company and by foreign parent companies controlling such foreign banks.

The form will be filed with the Federal Reserve System on an annual basis three months after the end of the foreign bank holding company's, foreign bank's, or foreign parent company's fiscal year. Foreign banks that are not bank holding companies and foreign parent companies controlling such foreign banks shall file their initial report 120 days after the Board approves the proposed report. The initial filing by these foreign organizations shall serve as a Registration Statement with the Board. The report should include financial data for one year as of the latest fiscal year-end subsequent to the approval date of the report. Existing foreign bank holding companies that have their current fiscal year-end on October 31, 1979, or after will be required to file this report instead of the current F.R. Y-7 report, but these companies shall have an extension of time to file their Annual Report until 120 days after the proposed report is approved by the Board.

**DATE:** Comments must be received by January 4, 1980.

**ADDRESS:** Comments may be mailed to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, or delivered to Room B-2223, Board of Governors, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. Comments should reference Docket No. R-0256.

**FOR FURTHER INFORMATION CONTACT:** Stephen M. Lovette, Financial Analyst, Division of Banking Supervision and Regulation (202-452-3622); or Kathleen M. O'Day, Attorney, Legal Division (202-452-3786), Board of Governors of the Federal Reserve System.



**SUPPLEMENTARY INFORMATION:** In view of the passage of the International Banking Act (12 U.S.C. 3101 *et seq.*), the growth of foreign banking in the United States, and the Board's responsibilities under the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*), the Board is proposing revisions to its Annual Report of Foreign Bank Holding Companies (F.R. Y-7). The proposed report is the Annual Report of Foreign Bank Holding Companies, Foreign Banks, and Foreign Parent Companies. The Board has undertaken a review of its supervisory and regulatory policies toward foreign organizations conducting banking operations in the United States. The Board stated on February 23, 1979, that in general it would adhere to the principle of national treatment in administering the BHC Act and the IBA as they affect foreign banks. In general, foreign banks seeking to establish banks or other banking operations in the United States should meet the same general standards of strength, experience, and reputation as are required for domestic organizers of banks and bank holding companies. The Board believes that foreign banks should meet these standards of safety and soundness on a continuing basis if they are to be a source of strength to their U.S. banking operations. The Federal Financial Institutions Examination Council reiterated this position on July 20, 1979.

The report has been revised to assure that the Board obtains sufficient financial information to assess the foreign organization's consolidated operations, general financial condition, and ability to serve as a continuing source of strength to its U.S. banking operations. The proposed report would require the submission of consolidated financial statements and a discussion of the accounting practices used in the preparation of the statements. In addition, the report would require specific disclosure of earnings, reserves, and loan loss experience. Financial statements would be requested on material foreign companies and on all U.S. companies in which the foreign bank holding company, foreign bank, or foreign parent company controls 25 per cent or more of the respective company's voting shares. A company will be considered "material" when (a) the stated investment in and advances to such a company exceed 5 per cent of the stated consolidated capital accounts of the foreign bank holding company, foreign bank, or foreign parent company, or (b) the company's gross operating income or revenue exceeds 5 per cent of the stated consolidated gross operating income or revenue of the foreign bank holding company, foreign bank, or foreign parent company, or (c) the company's operations resulted in net income or a net loss exceeding 5 per cent of stated consolidated net income of the foreign bank holding company, foreign bank, or foreign parent company.

The proposed form requires information on U.S. activities and U.S. investments of foreign bank holding companies, foreign banks, and foreign parent companies in order to determine compliance with the BHC Act and the IBA. The provisions of the BHC Act have always applied to the operations of foreign bank holding companies. The activities of foreign banks conducting U.S. banking operations through a branch, agency, or commercial lending company, and not through a U.S. subsidiary bank, have recently come under regulation by the Board. The IBA, through Section 8, subjects foreign banks with a U.S. branch, agency, or commercial lending company, as defined in the IBA, and companies controlling such foreign banks to certain provisions of the BHC Act and to Sections 105 and 106 of the 1970 Amendments to the BHC Act.

The F.R. Y-7 focuses in detail upon the U.S. activities and U.S. investments of these foreign organizations. Prior to the enactment of the IBA, Section 2(h) of the BHC Act exempted from the nonbanking prohibitions of the BHC



Act the foreign nonbanking activities and investments of a bank holding company principally engaged in banking outside the United States, provided that the foreign nonbanking companies engaged in no business in the United States. The IBA amended the BHC Act to allow such companies and their parent companies to engage, under certain circumstances, in some nonbanking activities in the United States. As a result, detailed information is requested on U.S. activities and investments in order to determine the extent of the activities that are conducted in the United States. The report will also collect information on shareholders, directors, and executive officers for use in the examination of the U.S. banking operations and will provide data necessary to ensure that the U.S. operations are being conducted in a safe and prudent manner.

In requesting the information, the Board has indicated that in the handling of the information, it would be taken into account that much of the requested information may be confidential commercial information that is not generally disclosed. With respect to information contained in Sections I and II of the report, public comment is invited on the desirability of requiring reporting organizations to justify requests for confidential treatment of information at the time of filing the report or at the time a request for such information is received.

Comments are sought not only on the general characteristics of the proposed report, but also on the specific details and treatment of the items. A draft of the report form is presented in Attachment A. Attention is also called to the following features of the report.

Tiered foreign organizations. In the reporting requirements for the proposed report, each foreign bank holding company, each foreign bank, and each foreign parent company is required to submit a separate report. Comments are specifically solicited with respect to ways of reducing the reporting burden of this requirement on those foreign organizations that are members of a tiered organization. A tiered organization occurs when a bank holding company indirectly controls a U.S. subsidiary bank through another bank holding company that directly holds the shares of the U.S. subsidiary bank or when a foreign parent company directly controls the shares of a foreign bank.

Principles for consolidated financial statements. The report requests that the foreign bank holding company, foreign bank, or foreign parent company submit consolidated financial statements covering the last two fiscal years. The proposal asks for a description of the accounting principles used in the preparation of the statements, but does not impose any uniform criteria for consolidating all majority-owned investments on a line-by-line basis. Comments are solicited with respect to imposing minimum criteria for consolidation, including suggested tests for materiality and other rules on the appropriate level of consolidation.

Reporting on minority-owned investments and investments that are indirectly owned. The proposed report requests detailed information on all investments in companies organized under the laws of the United States and companies organized under the laws of foreign countries that do business in the United States. Foreign bank holding companies, foreign banks, and foreign parent companies are requested to provide the names, locations, business activities, and financial data on all such companies in which their direct or indirect ownership exceeds 5 per cent. The absence of any materiality criteria is based upon the statutes. In recognition of the



burden in reporting minority-owned investments and other indirect investments, comments are requested on alternative reporting procedures that would provide sufficient detail to ensure compliance with the statutes.

Alternative methods of reporting earnings, reserves, and loan losses. Report Items 2, 3, 4, and 5 in Section II describe a format for full disclosure of earnings, reserves, and loan loss experience as required by Board policy. Comments are solicited on reporting alternatives that would pose less burden upon the foreign bank holding company, foreign bank, or foreign parent company.

Board of Governors of the Federal Reserve System, October 29, 1979.

(SEAL)

(signed) Theodore E. Allison  
Theodore E. Allison  
Secretary of the Board



F.R. Y-7  
Approved by the Federal Reserve Board,  
Approval expires  
10/25/79-11

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Washington, D. C. 20551

ANNUAL REPORT OF FOREIGN BANK HOLDING COMPANIES,  
FOREIGN BANKS, AND FOREIGN PARENT COMPANIES

For the fiscal year ending on \_\_\_\_\_, 19\_\_\_\_

Name of foreign bank holding company, foreign bank, or foreign parent company:

\_\_\_\_\_

Location of head office: \_\_\_\_\_

\_\_\_\_\_

Name and location of agent in the United States:

\_\_\_\_\_

\_\_\_\_\_

I, \_\_\_\_\_  
Name Title

an authorized officer or agent of the company named above, hereby declare that this report has been examined by me and is true and complete to the best of my knowledge and belief.

\_\_\_\_\_  
Signature Date

Name, title, and phone number of person to whom questions related to this report may be directed:

\_\_\_\_\_  
Name Title

\_\_\_\_\_  
Area Code Phone Number

This report is required by Section 225.5(b) of Regulation Y (12 C.F.R. 225.5(b)) as authorized by Section 5(c) of the Bank Holding Company Act (12 U.S.C. 1844) and Section 8 and 13(a) of the International Banking Act of 1978 (12 U.S.C. 3108).



## GENERAL INSTRUCTIONS

Report F.R. Y-7

### Who must report

The Annual Report of Foreign Bank Holding Companies, Foreign Banks, and Foreign Parent Companies (F.R. Y-7) is required to be filed by companies organized under the laws of a foreign country and engaged in the business of banking in the United States through a bank, a commercial lending company, a branch or an agency.

The report must be submitted by each:

- 1) Bank holding company, as defined by Section 2(a) of Bank Holding Company Act of 1956 (BHC Act), that is organized under the laws of a foreign country and is defined as a "foreign bank holding company" by Section 225.4(g) of Regulation Y;
- 2) Foreign bank, as defined by Section 1(b)(7) of the International Banking Act of 1978 (IBA), that maintains a branch or agency in a State of the United States or the District of Columbia and/or controls a commercial lending company organized under the laws of any State in the United States;
- 3) Company, as defined by Section 2(b) of the BHC Act, that owns, controls, or holds with power to vote 25 per cent or more of the outstanding voting securities, or otherwise controls, as defined by Section 2 of the BHC Act, such foreign bank required to file under (2) above.

A bank holding company, foreign bank, or company that is required to submit the report will herein be referred to as "Reporting Organization."

### Time and place of filing

The report must be filed not later than three months after the end of the Reporting Organization's fiscal year end. A request for an extension of time to file the report will only be granted in extreme circumstances.

Foreign bank holding companies should file the original and three copies of the report with the Federal Reserve Bank of the District in which the operations are principally conducted, as measured by total deposits held or controlled by it on the date on which it became a bank holding company. This includes a foreign bank as defined by Section 1(b)(7) of IBA that owns, controls, or holds with power to vote 25 per cent or more of any class of voting securities, or otherwise controls a bank that is organized under the laws of the United States, any State of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, or the U.S. Virgin Islands.

Foreign banks with U.S. branches, agencies, or commercial lending companies and foreign companies controlling such foreign banks should file an original and three copies of the report with the Federal Reserve Bank of the District in which the



operations are principally conducted, as measured by total U.S. banking assets. A foreign bank that owns a U.S. bank shall file as a foreign bank holding company in accordance with the prior instructions.

### Incorporation by reference

In order to minimize reporting burden, incorporation of financial reports prepared for other regulatory agencies or for internal reporting requirements is permitted in response to certain items as specified in the report items. When referring to such reports, the response to a specific report item should clearly reference the location of the relevant data within those reports.

### Confidentiality

The report is composed of two sections. Section I of the report will be made available to the public upon request. If the Reporting Organization is of the opinion that disclosure of commercial or financial information in Section I would likely result in substantial competitive harm, or that disclosure of information of a personal nature would result in a clearly unwarranted invasion of personal privacy, confidential treatment of such information may be requested through the Reserve Bank to which the report is submitted. A request for confidential treatment must be submitted in writing concurrently with the submission of the report and must provide a detailed justification for confidential treatment of specific items. Such justification must be provided for each response for which confidential treatment is requested and should demonstrate the harm that would result from public release of the information. An unsupported statement that the information would result in competitive harm or that it is personal in nature is not sufficient. Similarly, a claim that disclosure would violate the law or policy of a foreign country may not, in and of itself, be sufficient to exempt information from disclosure. However, if it can be demonstrated to the satisfaction of the Federal Reserve Board that disclosure would meet either the "substantial competitive harm" or "unwarranted invasion of personal privacy" test, the information may be exempted. Information in Section I of the report for which confidential treatment is requested should be (1) reported in a separately bound document labeled "Confidential," and (2) specifically identified in the report as having been deleted and deemed to be confidential. This procedure should also be followed with respect to the filing of any supplemental information or amendments to the report.

Section II of the Y-7 report will ordinarily be granted confidential treatment by the Board of Governors. The information requested in Section II of the report will be used in evaluating the safety and soundness of U.S. branches, agencies or subsidiary banks and for determining their compliance with applicable laws. In order to assist in the examination of these institutions, the Board of Governors may, from time to time, make available to other supervisory agencies certain information obtained from Section II. It is anticipated that the information will be granted confidentiality by these agencies on the same basis and to the same extent that the Board grants confidentiality.



### Substitution of information

Where completion of the requested information or strict compliance with the requirements of the report involves undue burden or expense to the Reporting Organization, the Board of Governors may, upon receipt of a written request submitted through the Federal Reserve Bank prior to the filing of the Y-7 report, permit the substitution of appropriate information.

### Additional information

The Board of Governors reserves the right to require the filing of additional statements and information if the report as filed is not adequate to appraise the Reporting Organization's ability to be a source of financial strength and support to the U.S. subsidiary bank, branch, agency, or commercial lending company, or to determine its compliance with applicable laws and regulations.

## SECTION I

### Report Item 1: Financial Statements of the Reporting Organization

- A) Submit consolidated and parent-only financial statements covering the last two fiscal years that include or are equivalent to:
- 1) Balance sheets;
  - 2) Income statements;
  - 3) Statements of changes in capital accounts;
  - 4) Statements of changes in financial position.

The financial statements should be stated in both the local currency of the country in which the head office is located and in U.S. dollars, disclosing the applicable conversion rates. The statements may be prepared in accordance with local accounting practices; however, an explanation of the accounting standards used in the preparation of the financial statements must be provided. This explanation should include a discussion of the following practices and any other material practices as determined by the Reporting Organization.

- a) The accounting principles used in the preparation of consolidated financial statements: Comments should address the method by which the majority-owned companies are consolidated on a line-by-line basis and the basis for the carrying value and manner of income recognition of any majority-owned subsidiaries that are not consolidated on a line-by-line basis. The method of valuation of the investments in which the Reporting Organization owns between 20 per cent and 50 per cent, i.e., historic cost, net asset value, market value, or appraised value and the manner of the recognition of income should be included.
- b) The accounting practice used in the valuation — i.e., historic cost, net asset value, market value, or appraised value -- of short-term



investments, long-term investments, and fixed assets: The comments should disclose the manner of the recognition of increases and/or decreases in the value of the assets.

- c) The recording of guarantees, letters of credit, contingencies, leases, pension obligations, and other similar accounts on the books of the Reporting Organization: The explanation should indicate whether such accounts are carried as assets and/or liabilities on the Reporting Organization's financial statements or are disclosed as footnotes to the financial statements.
- d) The method utilized in the translating of foreign currency transactions and foreign currency financial statements with respect to current assets, long-term investments, fixed assets, long-term debt, and forward exchange contracts: The discussion should also include the method of recognition of any gains or losses resulting from such translation and the effect of the translation upon the recognition of revenue and expense and the determination of net income.

When the specific information requested in this report item is presented in the annual report to shareholders submitted in response to Report Item 1B, the responses to this item may incorporate the information in the shareholders' report by referencing its location within the report.

- B) Submit a copy of the most recent annual report prepared for the shareholders of the Reporting Organization. The report should be accompanied by an English translation.

### Report Item 2: Financial Statements of Related Companies

- A) For each company, organized under the laws of the United States, other than a U.S. bank, commercial lending company, or a company acquired pursuant to Section 25 or Section 25(a) of the Federal Reserve Act (Edge and Agreement Corporations and their investments), that the Reporting Organization directly or indirectly through another company owns, controls, or holds with power to vote 25 per cent or more of the shares or their equivalent, or otherwise controls, submit financial statements covering the last two fiscal years that include:

- 1) Balance sheets;
- 2) Income statements;
- 3) Statements of changes in capital accounts.

Such statements need not be certified by a public accountant, but they should be prepared in accordance with generally accepted accounting principles as practiced in the United States, and stated in U.S. dollars. In lieu of submitting separate statements for each U.S. related company, consolidated financial statements of related U.S. companies may be



presented that consolidate such a related U.S. company and its direct and indirect majority owned U.S. investments on a line-by-line basis. Any consolidated statement that is submitted should indicate the name and the location of the head office of each company consolidated within the financial statement.

- B) For each company, organized under the laws of a foreign country, a territory of the United States, Puerto Rico, Guam, American Samoa, or the U.S. Virgin Islands, that the Reporting Organization directly or indirectly owns, controls, or holds with power to vote 25 per cent or more of the shares, or their equivalent, or otherwise controls, submit financial statements covering the last two fiscal years that include or are the equivalent to:
- 1) Balance sheets;
  - 2) Income statements; and
  - 3) Statement of changes in capital accounts,

only when such company is a company in which (a) the stated investment in and advances to such a company exceed 5 per cent of the stated consolidated capital accounts of the Reporting Organization, or (b) the company's gross operating income or revenue exceeds 5 per cent of the stated consolidated gross operating income or revenues of the Reporting Organization, or (c) the company's operations resulted in net income or a net loss exceeding 5 per cent of stated consolidated net income of the Reporting Organization.

The financial statements should be stated in both local currency, when applicable, and in U.S. dollars, disclosing the conversion rates. The reports may be prepared in accordance with local accounting practices, but an explanation of the local accounting standards used in the preparation of the financial statements must be provided.

**Report Item 3: Information on the direct activities conducted in the United States by the Reporting Organization and a Schedule of Investments in U.S. Financial Institutions**

Submit information on Schedule A (Page 9) concerning the U.S. business activities conducted directly by the Reporting Organization<sup>1/</sup> and the Reporting Organization's U.S. bank(s), commercial lending companies, Edge and/or Agreement Corporations, other than those held as a result of a debt previously contracted or held in a fiduciary capacity.

<sup>1/</sup> The term "engaged in business in the United States" means maintaining and operating an office (other than a representative office) or subsidiary in the United States. Regulation K (12 CFR PART 211).



#### Report Item 4: Schedule of Investments in Related Companies

Submit information on a separate Schedule B (Page 11) for:

- A) each company organized under the laws of the United States, except those reported on Schedule A, that the Reporting Organization directly or indirectly owns, controls, or holds with power to vote, or otherwise controls, more than 5 per cent of its shares or their equivalent, and
- B) each company organized under the laws of a foreign country that "engages in business in the United States"<sup>1/</sup> that the Reporting Organization directly or indirectly owns, controls, or holds with power to vote, or otherwise controls, more than 5 per cent of its shares or their equivalent.

Do not complete a Schedule B for a company acquired as a result of a debt previously contracted or held in a fiduciary capacity.

#### Report Item 5: Holdings acquired in a fiduciary capacity or through collection of debts previously contracted

List each company organized under the laws of the United States and each company organized under the laws of a foreign country that directly engages in business in the United States in which the Reporting Organization directly or indirectly owns or controls 5 per cent of any class of voting shares as a result of a debt previously contracted or when 5 per cent of the shares are held in a fiduciary capacity with authority to exercise sole discretionary power to vote such shares.

#### Report Item 6: Shares and Shareholders

- A) List the number and type of shares, or their equivalent that the Reporting Organization has authorized, issued, or held for its own account, and describe the voting rights of each type.
- B) List each shareholder, or the equivalent thereof, of record that directly or indirectly owns, controls, or holds with power to vote 5 per cent or more of any class of voting securities of the Reporting Organization. The beneficial owner, in addition to the shareholder of record, should be listed, to the extent ascertainable, when the beneficial ownership is 5 per cent or more. Provide the following for each:
  - 1) Name and location of principal residence or office;
  - 2) Country of citizenship or organization; and
  - 3) Number and percentage of each class of voting securities, or the equivalent thereof, owned, controlled, or held with power to vote.

<sup>1/</sup> The term "engaged in business in the United States" means maintaining and operating an office (other than a representative office) or subsidiary in the United States. Regulation K (12 CFR PART 211).



## Report Item 7: Directors and Officers

List each director and executive officer,<sup>2/</sup> or their equivalent, of the Reporting Organization showing the following:

- A) Name and location of principal residence or office;
- B) Country of citizenship;
- C) Title or position with, and number and percentage of each class of voting securities, or the equivalent thereof, owned, controlled, or held with power to vote, of:
  - 1) the Reporting Organization; and
  - 2) each related company reported in response to Report Item 4; and
- D) Principal occupation, if other than with the Reporting Organization.

<sup>2/</sup> The term "executive officer" has the same meaning assigned such term under Regulation O (12 C.F.R. 215). Section 215.2(d) states "executive officer" of a company or bank means a person who participates or has authority to participate (other than in the capacity of a director) in major policymaking functions of the company or bank, whether or not: (1) the officer has an official title, (2) the title designates the officer an assistant, or (3) the officer is serving without salary or other compensation. The chairman of the board, the president, every vice president, the cashier, the secretary, and the treasurer of a company or bank are considered executive officers, unless (1) the officer is excluded, by resolution of the board of directors or by the bylaws of the bank or company, from participation (other than in the capacity of a director) in major policymaking functions of the bank or company, and (2) the officer does not actually participate therein.



SCHEDULE A

Reporting Organization

See F.R. Y-7, Report Item 3

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|        |    |       |     |     | 1  |
| 11     | 23 |       | 25  | 27  | 30 |

1. a.  \_\_\_\_\_  
Name of Reporting Organization
- b. \_\_\_\_\_  
Location of Head Office Street
- \_\_\_\_\_  
City Country
- c. \_\_\_\_\_  
Date of Fiscal Year-end

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U.S. Business Activities

2. Describe the business activities conducted by the Reporting Organization directly in the United States during the fiscal year. The description should include a written description of each activity, the appropriate four-digit SIC Code, and the locations at which each activity is conducted. Business activities that have been commenced or terminated subsequent to the filing of the prior F.R. Y-7 should state the date of such commencement or termination. For activities that have not been previously reported or were commenced subsequent to the filing of the prior F.R. Y-7, the date of such commencement should be indicated. For the SIC codes refer to the *Standard Industrial Classification Manual, 1972*.

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3. State the statutory authority (i.e., section of the Bank Holding Company Act of 1956, International Banking Act of 1978), Regulation of the Board of Governors and/or Board Order relied upon for authority to engage in the direct activities.

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SCHEDULE A

Reporting Organization - Continued

See F.R. Y-7, Report Item 3

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|-----------|-------------|
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4. a. For each four-digit SIC code identified by the Reporting Organization, indicate the amount and percent of gross revenues derived in the United States by the Reporting Organization from the business activity.

b. For each four-digit SIC code identified by the Reporting Organization, indicate the amount and percent of assets of the Reporting Organization located in the United States.

Investments in U.S. Banks, Edge Corporations, Agreement Corporations, and Commercial Lending Companies

5. Indicate the name, location of head office, percentage of ownership, amount of investment, statutory authority relied upon, and date of acquisition in any U.S. Bank, Edge Corporation, Agreement Corporation, and Commercial Lending Company. The date of acquisition should only be provided when such date has not been reported previously in the F.R. Y-7.

a. Name \_\_\_\_\_

Location of head office \_\_\_\_\_

Street

City

State

Zip Code

Percentage ownership  .  % Amount of investment U.S. \$ \_\_\_\_\_

Statutory authority \_\_\_\_\_ Date of acquisition \_\_\_\_\_

b. Name \_\_\_\_\_

Location of head office \_\_\_\_\_

Street

City

State

Zip Code

Percentage ownership  .  % Amount of investment U.S. \$ \_\_\_\_\_

Statutory authority \_\_\_\_\_ Date of acquisition \_\_\_\_\_

c. Name \_\_\_\_\_

Location of head office \_\_\_\_\_

Street

City

State

Zip Code

Percentage ownership  .  % Amount of investment U.S. \$ \_\_\_\_\_

Statutory authority \_\_\_\_\_ Date of acquisition \_\_\_\_\_

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| Yr.      | Mo. Day                        |
|          | <input type="text" value="2"/> |
| 23       |                                |

|          |                                |
|----------|--------------------------------|
| Sub. No. |                                |
| 15       |                                |
| Yr.      | Mo. Day                        |
|          | <input type="text" value="2"/> |
| 23       |                                |



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SCHEDULE B

Investments in Related Companies

See F.R. Y-7, Report Item 4

|        |  |  |  |     |   |     |   |     |   |       |    |
|--------|--|--|--|-----|---|-----|---|-----|---|-------|----|
| Year   |  |  |  |     |   |     |   |     |   | Dist. |    |
|        |  |  |  | Y   | 7 | A   | 9 | 2   | 1 |       |    |
| 1      |  |  |  | 3   |   |     |   |     |   |       | 9  |
| Parent |  |  |  | Yr. |   | Mo. |   | Day |   | 3     |    |
|        |  |  |  |     |   |     |   |     |   |       |    |
| 11     |  |  |  | 23  |   | 25  |   | 27  |   |       | 30 |

1. a.  Name of Related Company

b. Location of head office Street

City County

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|                                 |  |      |  |     |  |
|---------------------------------|--|------|--|-----|--|
| St.                             |  | Cnty |  | Zip |  |
| <input type="text" value="09"/> |  |      |  |     |  |

State/Country Zip Code (if applicable)

c. Date of fiscal year-end

2. Where the investment in this company was acquired during the fiscal year or was sold during the fiscal year, indicate the date of such acquisition or date of termination. Companies that have not been previously reported on the F.R. Y-7, but were acquired prior to the filing of the prior report, should indicate the date of acquisition.

a. Date of acquisition . . . . .  Yr. Mo. Day

b. Date of termination . . . . .

Do not complete the remainder of the schedule for investments that have been sold or otherwise terminated during the fiscal year.

U.S. Business Activities

3. Identify the business activities conducted by this company during the fiscal year. The description should include a written description of each activity, the appropriate four-digit SIC Code, and the location of each office at which the activity is conducted. Business activities that have been commenced or terminated subsequent to the filing of the prior F.R. Y-7 should include the date of such termination or commencement. (If the company is inactive, so state.)

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|                                 |  |  |  |     |  |     |  |     |  |     |
|---------------------------------|--|--|--|-----|--|-----|--|-----|--|-----|
| SIC                             |  |  |  | Yr. |  | Mo. |  | Day |  | C/T |
| <input type="text" value="11"/> |  |  |  |     |  |     |  |     |  |     |
| <input type="text" value="11"/> |  |  |  |     |  |     |  |     |  |     |
| <input type="text" value="11"/> |  |  |  |     |  |     |  |     |  |     |



SCHEDULE B

Investment in Related Companies - Continued

See F.R. Y-7, Report Item 4

|        |    |       |     |
|--------|----|-------|-----|
| Year   |    | Dist. |     |
| Y      | 7  | A     | 9   |
| 1      | 3  | 9     |     |
| Parent |    | Yr.   | Mo. |
| Day    |    |       |     |
| 11     | 23 | 25    | 27  |
|        |    |       | 30  |

4. a. List the type, the number, and percentage of shares, or their equivalent, that are earned, controlled, or held with power to vote, or otherwise controlled, directly by the Reporting Organization. When the shares are held indirectly by the Reporting Organization through a related company, indicate the name and location of head office of each direct holder of the shares and indicate the type, the number, and percentage of shares owned, controlled, or held with power to vote.
- b. Indicate the amount in U.S. dollars of investment (carrying value) in company recorded in the books of the direct owner(s) within the Reporting Organization at the end of the fiscal year.

| Name of Owner(s)<br>(Direct Holder [s]) | Amount of Invested<br>U.S. \$<br>(thousands) | Class or Type<br>of Shares | Percent<br>Owned<br>or Controlled |     | FR BANK USE ONLY |      |
|---|--|----------------------------|-----------------------------------|-----|------------------|------|
|   |  |                            |                                   |     | Sub. No.         | Type |
| a. _____                                | \$ _____                                     |                            | 12                                | . % |                  |      |
| b. _____                                | \$ _____                                     |                            | 12                                | . % |                  |      |
| c. _____                                | \$ _____                                     |                            | 12                                | . % |                  |      |
| d. _____                                | \$ _____                                     |                            | 12                                | . % |                  |      |
| e. _____                                | \$ _____                                     |                            | 12                                | . % |                  |      |
|   | 13 \$ _____                                  |                            |                                   |     |                  |      |

5. State the statutory authority (i.e., section of the Bank Holding Company Act of 1956, as amended, International Banking Act of 1978), Regulation of the Board of Governors, and/or Board Order relied upon for authority to hold the investment in this company.

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|    |       |
|----|-------|
| 14 | _____ |
|    | _____ |
|    | _____ |



|        |    |       |     |     |   |
|--------|----|-------|-----|-----|---|
| Year   |    | Dist. |     |     |   |
| Y      | 7  | A     | 9   | 2   | 1 |
| 1      | 3  | 9     |     |     |   |
| Parent |    | Yr.   | Mo. | Day |   |
| 11     | 23 | 25    | 27  | 5   |   |
|        |    | 30    |     |     |   |

SCHEDULE B

Investments in Related Companies - Continued

See F.R. Y-7, Report Item 4

6. When the Reporting Organization engages through this related company in business activities in the United States in reliance on section 2(h) or section 4(c)(9) of the BHC Act, respond to (a) and (b) below. If the related company is incorporated in the U.S., the requested responses for such company should be consolidated with the responses of such related company's direct holder(s).

a. For each activity as defined by the four-digit SIC Code, indicate the amount and percent of company's gross revenue that is derived from business conducted in the United States.

b. For each activity as defined by the four-digit SIC Code, indicate the amount and percent of the related company's assets located in the United States.

The following report items should be completed only when the Reporting Organization directly or indirectly owns, controls, or holds with power to vote, 25 percent or more of the shares, or the equivalent thereof, of this company. All amounts should be reported in U.S. dollars.

- 7. Income from this company during the Reporting Organization's fiscal year.
  - a. Dividends declared, paid or payable
  - b. Other (interest, management, and service fees, etc.) excluding the Reporting Organization's equity in undistributed earnings of this company.
- 8. Outstanding loans and advances to this company as of the end of the Reporting Organization's fiscal year.
  - a. From the Reporting Organization.
  - b. From U.S. subsidiary banks, branches, agencies and commercial lending companies.
  - c. From other U.S. nonbanking companies.
- 9. Loans and leases, net of unearned income and reserve for possible loan losses.
- 10. Total assets
- 11. Stockholders' equity
- 12. Total operating revenue
- 13. Total operating expense
- 14. Net income

| Amounts in Thousands of U.S. Dollars |      |      |       |
|--------------------------------------|------|------|-------|
|                                      | Bil. | Mil. | Thou. |
| 15                                   |      |      |       |
|                                      |      |      |       |
|                                      |      |      |       |
|                                      |      |      |       |
|                                      |      |      |       |
|                                      |      |      |       |
|                                      |      |      |       |
|                                      |      |      |       |
| 16                                   |      |      |       |
|                                      |      |      |       |
|                                      |      |      |       |
|                                      |      |      |       |
|                                      |      |      |       |



F.R. Y-7  
Section II

BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM

Washington, D. C. 20551

ANNUAL REPORT OF FOREIGN BANK HOLDING COMPANIES,  
FOREIGN BANKS, AND FOREIGN PARENT COMPANIES

Section II

Name of Reporting Organization \_\_\_\_\_

Location of Head Office \_\_\_\_\_

Name, title and phone number of person to whom questions related to Section II  
may be directed:

|           |              |
|-----------|--------------|
| _____     | _____        |
| Name      | Title        |
| _____     | _____        |
| Area Code | Phone Number |

The information submitted in response to the report items in Section II of the F.R. Y-7 generally will be accorded confidential treatment by the Board of Governors.

SECTION II

Report Item 1: Organization Chart

Submit an organization chart showing the Reporting Organization and all related U. S. and foreign companies in which 25 per cent or more of the voting securities are directly or indirectly owned, controlled, or held with power to vote, or otherwise controlled, by the Reporting Organization.

The chart should disclose the name, location of head office, and the percentage ownership of each class of voting stock or other form of control of each company. Related companies that are majority owned and not consolidated on a line-by-line basis in the financial statements presented in response to Report Item 1, Section I should be so identified.



## Report Item 2: Earnings

The consolidated income statement of the Reporting Organization for the last two fiscal years should be presented in a format similar to the following instructions. The net income should be stated in both U.S. dollars and the currency of the country in which the head office is located. The net income should be equivalent to the amount reported in Section I, Report Item 1(A) or a reconciliation of the two figures should be provided. Where the income statement presented in response to Section I, Report Item 1(A) is similar to the prescribed format, the response to this item should reference that part of the report.

The statement of income should be submitted utilizing the following account titles and materiality tests.

1. Interest and fees on loans. Include interest and service charges and fees which are related to or are an adjustment of the loan interest rate. Current amortization of premiums on mortgages or other loans shall be deducted from interest on loans and current accretion of discount on such items shall be added to interest on loans.
2. Interest and dividends on investment securities. Include accretion of discount on securities and deduct amortization of premiums on securities.
3. Other interest income. Include interest on short-term investments, and interest from securities carried in a dealer trading account or accounts that are held principally for resale to customers.
4. Lease financing.
5. Total interest income.
6. Interest on deposits. Include interest on all deposits.
7. Interest on short-term borrowings. Include interest on borrowed funds including funds purchased, securities sold under agreements to repurchase, commercial paper and other short-term borrowings.
8. Interest on long-term debt. Include interest on bonds, capital notes, debentures, mortgages on bank premises, capitalized leases and similar debt.
9. Total interest expense.
10. Net interest income.
11. Provision for possible loan losses.
12. Net interest income after provision for possible loan losses.
13. Other income. State separately any other item of income that exceeds 5 per cent of revenue.
14. Other expenses. State separately any other expense that exceeds 5 per cent of revenue.



15. Income or loss before income tax expense, securities gains or losses (and appropriate items below).
16. Income tax expense.
17. Income before securities gains or losses.
18. Investment securities gains or losses, less applicable tax.
19. Income or loss before extraordinary items.
20. Extraordinary items, less applicable tax.
21. Cumulative effects of changes in accounting principles.
22. Net income or loss.

### Report Item 3: Loan Loss Experience

- A) Those Reporting Organizations that have established allowances, reserves, or contra accounts against asset accounts to absorb losses resulting from lending activities should furnish a reconciliation of such accounts, including any specific allowance or reserve established to absorb loss on a specific extension of credit, or securities or assets acquired as a result of a debt previously contracted. The reconciliation should be furnished in accordance with the following:
- 1) Present the beginning and ending balances for the last two fiscal years.
  - 2) Detail additions to the account, including amounts expensed in the income statement, amounts directly deducted from the capital accounts and/or other reserve accounts, and recoveries from assets previously charged-off.
  - 3) Detail deductions from the accounts, including the charge-off of loans and other losses resulting from extensions of credit, and amounts transferred to capital and/or other reserve accounts.
  - 4) Present as memoranda items the gross amount of loans, the amount of allowances or reserves allocated to absorb losses resulting from the lending operation, and the amount of unearned income included in gross loans. From the asset categories presented on the balance sheet submitted in response to Report Item 1, Section I, state the categories of assets included in the gross loan amount. Provide a written description of the type of credits included in the respective asset categories.
- B) If the Reporting Organization does not charge-off losses resulting from the lending operation through allowances or reserves, it should furnish a description of the accounting practices used in recording these charge-offs and detail the gross amount of charge-offs and recoveries for the last two fiscal years.



#### Report Item 4: Gains and Losses on Debt and Equity Securities

- A) If the Reporting Organization has established reserves or contra accounts against an asset account to absorb losses or other changes in value resulting from investments in debt and equity securities, it should furnish a reconciliation of the reserves in accordance with the following:
- 1) Present the beginning and ending balances for the last two fiscal years.
  - 2) Detail additions to the account, including amounts expensed in the income statement, gains recognized from the sale, exchange, or revaluation of assets, and transfers from capital and/or other reserve accounts.
  - 3) Detail deductions from the account, including losses recognized on the sale, exchange, or revaluation of assets, and transfers to capital and/or other reserve accounts. The market value of securities publicly traded on an exchange should be given.
  - 4) Present as a memorandum items the total carrying value of debt and equity securities, distinguishing between securities traded on a recognized exchange and securities having no established market. For marketable securities, provide the current market value if different from the carrying value. For non-marketable securities, provide the appraised value and/or net asset value (book value) if different from the carrying value.
- B) If the Reporting Organization does not charge-off losses or other changes in value in debt and equity investments through reserves, it should furnish a description of the accounting practices used in recording these charge-offs and other changes in value and detail the gross amount of changes in value for the last two fiscal years.

#### Report Item 5: Inner Reserves and Other Contra Accounts against Assets and Liabilities resulting in "hidden" reserves

If the Reporting Organization utilizes accounting practices that result in the creation of inner reserves, aggregated in liability accounts and not separately detailed, or in the creation of hidden reserves, contra to an asset or a liability account reported on a net basis, it should disclose or separate such reserves from aggregate accounts in accordance with the following criteria:

- 1) Present the beginning and ending balances for the last two fiscal years.
- 2) Detail additions to the account, which may include gains recognized on the revaluation of securities, investments, fixed assets, currency translation, and forward foreign exchange contracts, transfers from the income account prior to reporting income to the shareholders, and transfers from other reserve accounts.



- 3) Detail deductions from the account, which may include losses recognized on the revaluation of securities, investments, fixed assets, currency translation, and forward foreign exchange contracts, transfers to the income account prior to reporting income to the shareholders, and transfers to other reserve accounts.
- 4) Present as a memorandum item a description of the accounting practices or statutory or regulatory accounting standards that prescribe the establishment of such reserve accounts.

#### Report Item 6: Outside Ownership

List each director, executive officer,<sup>1/</sup> and principal shareholder,<sup>1/</sup> or their equivalent, of the Reporting Organization, showing the following:

- a) Name;
- b) Title or position, as a director or an executive officer or the equivalent thereof, in any company organized under the laws of the United States or a foreign country; and
- c) Number and percentage of ownership of the voting securities of any company organized under the laws of the United States or a foreign country in which the ownership, control, or power to vote is 25 per cent or more.

<sup>1/</sup> The terms "executive officer" and "principal shareholder" have the same meaning assigned such terms under Regulation O (12 C.F.R. 215). Section 215.2(d) states "executive officer" of a company or bank means a person who participates or has authority to participate (other than in the capacity of a director) in major policymaking functions of the company or bank, whether or not: (1) the officer has an official title, (2) the title designates the officer an assistant, or (3) the officer is serving without salary or other compensation. The chairman of the board, the president, every vice president, the cashier, the secretary, and the treasurer of a company or bank are considered executive officers, unless (1) the officer is excluded, by resolution of the board of directors or by the bylaws of the bank or company, from participation (other than in the capacity of a director) in major policymaking functions of the bank or company, and (2) the officer does not actually participate therein. Section 215.2(j) states "principal shareholder" means an individual or a company (other than an insured bank) that directly or indirectly, or acting through or in concert with one or more persons, owns, controls, or has the power to vote more than 10 per cent of any class of voting securities of a member bank or company.