

SCHEDULE RI-D -- INCOME FROM INTERNATIONAL OPERATIONS

General Instructions

Schedule RI-D is applicable only to certain banks that file the FFIEC 031 report forms.

Banks with foreign offices, Edge or Agreement subsidiaries, or IBFs are required to estimate their net income attributable to international operations if these operations account for more than 10 percent of their total revenues, total assets, or net income; otherwise, the bank need not complete this schedule.

In contrast to the reporting requirements applicable to the Report of Condition and to other schedules of the Report of Income, several items of this schedule are not reported on a fully consolidated basis. That is, transactions or transfers between domestic offices and foreign offices of the bank are to be reported in part I, items 1.a and 1.b, and part II, items 1 and 2, rather than eliminated as would be required for full consolidation.

The amounts reported in part I, items 1.a and 1.b, and part II, items 1 and 2, shall be on an "as-booked" basis, that is, they should reflect only the amounts actually recorded on the books of the respective domestic offices, foreign offices, Edge or Agreement subsidiaries, and IBFs.

An estimate of the amount of income or expense attributable to international operations is reported in part I, items 3.a through 3.c, 5, and 7, and part II, items 3, 4, and 5. These estimates should reflect all appropriate internal allocations of income or expense, whether or not "booked" that way in the bank's formal accounting records. To the extent feasible, the bank should attempt to maintain consistency over time in its procedures for making such allocations.

Part I. Estimated Income from International Operations

Item No. Caption and Instructions

- 1 **Interest income and expense booked at foreign offices, Edge and Agreement subsidiaries, and IBFs:**
 - 1.a **Interest income booked.** Report total interest income (including fees and other interest associated charges) actually recorded on the books of foreign offices, Edge and Agreement subsidiaries, and IBFs. Intracompany interest income actually paid by domestic offices to foreign offices and recorded on the books of foreign offices should be included in this item. However, transactions among foreign offices, Edge and Agreement subsidiaries, and IBFs should be eliminated through consolidation of the foreign office segment. Interest income attributed to foreign offices for purposes of management information reports, stockholder reports, or other purposes but not actually booked at foreign offices should not be included in this item.
 - 1.b **Interest expense booked.** Report total interest expense actually recorded on the books of foreign offices, Edge and Agreement subsidiaries, and IBFs. Intracompany interest expense actually paid to domestic offices by foreign offices and recorded on the books of foreign offices should be included in this item. However, transactions among foreign offices, Edge and Agreement subsidiaries, and IBFs should be eliminated through consolidation of the foreign office segment. Interest expense attributed to foreign offices for purposes of management information reports, stockholder reports, or other purposes but not actually booked at foreign offices should not be included in this item.

Part I. (cont.)**Item No. Caption and Instructions**

- 1.c **Net interest income booked at foreign offices, Edge and Agreement subsidiaries, and IBFs.**
Report the difference between items 1.a and 1.b. If the result is negative, enclose it in parentheses.
- 2 **Adjustments for booking location of international operations:**
- 2.a **Net interest income attributable to international operations booked at domestic offices.**
Report management's estimate of net interest income received by domestic offices from non-U.S. addressees (eliminate intracompany accounts). Exclude from this item net interest income of IBFs and Edge and Agreement subsidiaries.
- 2.b **Net interest income attributable to domestic business booked at foreign offices.** Report management's estimate of net interest income received by foreign offices from U.S. addressees (eliminate intracompany accounts).
- 2.c **Net booking location adjustment.** Report the difference between items 2.a and 2.b. If the result is negative, enclose it in parentheses.
- 3 **Noninterest income and expense attributable to international operations:**
- 3.a **Noninterest income attributable to international operations.** Report the bank's best estimate of that portion of Schedule RI, item 5.g, "Total noninterest income," item 6.a, "Realized gains (losses) on held-to-maturity securities," item 6.b, "Realized gains (losses) on available-for-sale securities," and item 11, "Extraordinary items and other adjustments, net of income taxes," that is allocable to international operations.
- 3.b **Provision for loan and lease losses attributable to international operations.** Report the bank's best estimate of that portion of the provision for loan and lease losses (reported in Schedule RI, item 4.a) that is allocable to loans and leases to non-U.S. addressees.
- 3.c **Other noninterest expense attributable to international operations.** Report the bank's best estimate of that portion of Schedule RI, item 7.d, "Total noninterest expense," that is allocable to international operations.
- 3.d **Net noninterest income (expense) attributable to international operations.** Report the total of item 3.a less items 3.b and 3.c. If the result is negative, enclose it in parentheses.
- 4 **Estimated pretax income attributable to international operations before capital allocation adjustment.** Report the sum of items 1.c and 2.c less item 3.d. If the amount is negative, enclose it in parentheses. This amount represents the bank's best estimate of income before a capital allocation adjustment and income taxes that is attributable to international operations. The estimate should reflect all appropriate internal allocations of income and expense.
- 5 **Adjustment to pretax income for internal allocations to international operations to reflect the effects of equity capital on overall bank funding costs.** Report any amount credited to estimated pretax income attributable to international operations that reflects management's estimate of the effect of equity capital allocable to international operations. Equity capital, which is interest-free, helps to reduce a bank's overall funding costs and increase net interest income.

Part I. (cont.)**Item No. Caption and Instructions**

- 6 Estimated pretax income attributable to international operations after capital allocation adjustment.** Report the sum of items 4 and 5. If the result is negative, enclose it in parentheses.
- 7 Income taxes attributable to income from international operations as estimated in item 6.**
Report the bank's best estimate of income taxes, both U.S. and foreign, that are applicable to estimated pretax income attributable to international operations.
- 8 Estimated net income attributable to international operations.** Report the difference between item 6 and item 7. If the result is negative, enclose it in parentheses. This amount represents the bank's best estimate of net income attributable to international operations.

Memoranda**Item No. Caption and Instructions**

- 1 Intracompany interest income included in item 1.a.** Report interest income actually booked at foreign offices, Edge and Agreement subsidiaries, and IBFs and included in Schedule RI-D, part I, item 1.a above that was received from domestic offices of the bank.
- 2 Intracompany interest expense included in item 1.b.** Report interest expense actually booked at foreign offices, Edge and Agreement subsidiaries, and IBFs and included in Schedule RI-D, part I, item 1.b above that was paid to domestic offices of the bank.

Part II. Supplementary Details on Income from International Operations Required by the Departments of Commerce and Treasury for Purposes of the U.S. International Accounts and the U.S. National Income and Product Accounts

Item No. Caption and Instructions

- 1 Interest income booked at IBFs.** Report the portion of total interest income that is actually recorded on the books of all IBFs established by the reporting bank or by its Edge or Agreement subsidiaries. The amount reported in this item is a component of Schedule RI-D, part I, item 1.a, above.
- 2 Interest expense booked at IBFs.** Report the portion of total interest expense actually recorded on the books of all IBFs established by the reporting bank or by its Edge or Agreement subsidiaries. The amount reported in this item is a component of Schedule RI-D, part I, item 1.b, above.
- 3 Noninterest income attributable to international operations booked at domestic offices (excluding IBFs):**
 - 3.a Gains (losses) and extraordinary items.** Report the amount of trading revenue, realized gains (losses) on held-to-maturity and available-for-sale securities, and extraordinary items and other adjustments, gross of income taxes, (as defined for Schedule RI, items 5.c, 6.a, 6.b, and 11.a) included in Schedule RI-D, part I, item 3.a, "Noninterest income attributable to international operations," that has been booked at domestic offices (as defined in the Glossary entry for "domestic office") of the reporting bank.
 - 3.b Fees and other noninterest income.** Report the amount of income from fiduciary activities, service charges on deposit accounts in domestic offices, other fee income, and all other noninterest income (as defined for Schedule RI, items 5.a, 5.b, 5.f.(1), and 5.f.(2)) included in Schedule RI-D, part I, item 3.a, "Noninterest income attributable to international operations," that has been booked at domestic offices (as defined in the Glossary entry for "domestic office") of the reporting bank.
- 4 Provision for loan and lease losses attributable to international operations booked at domestic offices (excluding IBFs).** Report that portion of Schedule RI-D, part I, item 3.b, above that is booked at domestic offices (as defined in the Glossary entry for "domestic office") of the reporting bank.
- 5 Other noninterest expense attributable to international operations booked at domestic offices (excluding IBFs).** Report that portion of Schedule RI-D, part I, item 3.c, above that is booked at domestic offices (as defined in the Glossary entry for "domestic office") of the reporting bank.