

<p>TRANSACTIONS OF U.S. BANKING AFFILIATE WITH FOREIGN PARENT</p> <p>MANDATORY CONFIDENTIAL QUARTERLY REPORT</p>	Part I IDENTIFICATION	BEA USE ONLY																																
	<p>1. Report for quarter ending</p> <table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 20px;">Month</td> <td style="width: 20px;">Day</td> <td style="width: 20px;">Year</td> <td style="width: 20px;">Mark (X) if revised</td> </tr> <tr> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;">→</td> </tr> </table>	Month	Day	Year	Mark (X) if revised				→	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 20px; text-align: center;">1</td> <td style="width: 20px;"></td> </tr> </table>												1												
Month	Day	Year	Mark (X) if revised																															
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<p>2. Name and mailing address of U.S. affiliate</p> <p style="font-size: small;"><i>See General Instructions concerning consolidated reporting by U.S. affiliate.</i></p>																																		

<p>ELECTRONIC FILING See our web site at www.bea.gov/astar for details.</p> <p style="text-align: center;">OR</p> <p>MAIL REPORTS TO U.S. Department of Commerce Bureau of Economic Analysis, BE-49(Q) Washington, DC 20230</p> <p style="text-align: center;">OR</p> <p>DELIVER REPORTS TO U.S. Department of Commerce Bureau of Economic Analysis, BE-49(Q) Shipping and Receiving Section, M-100 1441 L Street, NW Washington, DC 20005</p>	<p>Public reporting burden for this collection of information is estimated to average 1 1/4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to: Director, Bureau of Economic Analysis (BE-1), U.S. Department of Commerce, Washington, DC 20230; and to the Office of Management and Budget, Paperwork Reduction Project 0608-0009, Washington, DC 20503.</p>
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<p>3. U.S. affiliate named in item 2 is – Mark (X) one</p> <p>a. A U.S. banking affiliate incorporated in the United States 003 1 <input type="checkbox"/></p> <p>b. An unincorporated U.S. banking affiliate, such as a branch or agency of a foreign bank 1 2 <input type="checkbox"/></p>	<p>Foreign parent named in item 4 holds – Mark (X) one</p> <p>6. Only a direct equity interest in the U.S. affiliate (as consolidated). 006 1 <input type="checkbox"/></p> <p>7. Only an indirect equity interest in the U.S. affiliate through another U.S. affiliate. (See NOTE at lower left.) 1 2 <input type="checkbox"/></p>
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<p>REPORTING REQUIREMENTS</p> <p>Who must report – A Form BE-605 Bank is required from every U.S. business enterprise in banking in which a foreign person had a direct and/or indirect ownership interest of 10 percent or more of the voting stock if an incorporated business enterprise or an equivalent interest if an unincorporated business enterprise at any time during the reporting period. Reports are required even though the foreign person's equity interest in the U.S. business enterprise may have been established, acquired, liquidated, sold, or inactivated during the reporting period.</p> <p>Exemption – A U.S. affiliate is not required to file a report if each of the following three items for the U.S. affiliate (not the foreign parent's share) is equal to or less than \$30 million, either positive or negative: (1) Total assets, (2) Annual gross operating revenues, and (3) Annual net income (loss) after provision for U.S. income taxes.</p> <p>A U.S. affiliate claiming exemption from filing a report must complete the Certification of Exemption and (1) give the levels of the three items above, (2) complete the "Person to Consult" and "Certification" sections on page 4 of Form BE- 605 Bank, and (3) return the entire form to BEA at the address noted.</p> <p>Change in reporting requirements – Starting with the first quarter 2003 BE-605, U.S. affiliates that are banks and bank holding companies that directly or indirectly own more than a 50 percent interest in one or more U.S. affiliates in nonbanking industries must file a single consolidated report on Form BE-605 BANK to report BOTH the banking and nonbanking operations.</p> <p>Consolidated reporting by the U.S. affiliate – A U.S. affiliate must file on a fully consolidated domestic U.S. basis, including in the consolidation all U.S. business enterprises in which it directly or indirectly owns more than 50 percent of the outstanding voting interest. The fully consolidated entity is considered one U.S. affiliate. Foreign subsidiaries of the U.S. affiliate are not to be included in the consolidation, except as provided under the equity method. See the <i>General Instructions regarding consolidations.</i></p>	<p>4. Name of foreign parent of U.S. affiliate – <i>The foreign parent is the first person outside the U.S. which holds the direct investment interest; its ownership in the U.S. affiliate can be direct and/or indirect through another U.S. affiliate.</i></p> <p>8. Both a direct and an indirect equity interest in the U.S. affiliate. (See the <i>General Instructions regarding consolidations.</i>) 1 3 <input type="checkbox"/></p> <p>9. If either item 7 or 8 is marked, enter the name of the U.S. affiliate(s) directly owned by the foreign parent named in item 4. ↘</p>
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<p>5. Country of foreign parent of U.S. affiliate</p> <table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 20px;">005</td> <td style="width: 20px;">1</td> <td style="width: 20px;"></td> <td style="width: 20px;"></td> </tr> </table>	005	1			<p>BEA USE ONLY</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 20px;"></td> </tr> <tr> <td style="text-align: center;">010</td> <td style="text-align: center;">1</td> <td style="text-align: center;"></td> </tr> </table>									010	1						
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REPORT ALL AMOUNTS IN THOUSANDS OF U.S. DOLLARS

Part II FOREIGN PARENT'S DIRECT EQUITY IN U.S. AFFILIATE'S:

Enter data for the current quarter in column 1; use column 2 to correct data that were incorrect, revised, or were not given in the preceding quarter. Do not delay filing because current-quarter data are not available. Estimates may be used where necessary to file a timely report.

	Current quarter			Preceding quarter, if revised		
	Bil.	Mil.	Thou.	Bil.	Mil.	Thou.
<p>11. Quarterly net income (loss) – Report net income on a quarterly basis, not on a cumulative or year-to-date basis. Report the amount that represents the foreign parent's equity, based on its directly held equity interest in the U.S. affiliate's net income (loss) for the quarter, before provision for all common dividends and preferred dividends owed to foreign parent, and before any deduction for U.S. withholding taxes on dividends, but after provision for U.S. Federal, State, and local income taxes. 011</p>	1			2		
<p>12. Certain realized and unrealized gains (losses), net of tax effect:</p> <p>a. Included in net income (item 11) Examples include: (1) impairment losses, as defined by FAS 115, (2) realized gains or losses on trading or dealing (3) unrealized gains or losses due to changes in the valuation of financial instruments that flow through the income statement, and (4) goodwill impairment as defined by FAS 142. See <i>Specific Instructions.</i> 012</p> <p>b. Not included in net income (item 11) Include unrealized gains or losses due to changes in the valuation of financial instruments that are taken to other comprehensive income, excluding translation adjustments. See <i>Specific Instructions.</i> 013</p>	1			2		
<p>13. Translation adjustment – Report foreign parent's share of your foreign currency translation adjustment resulting from the translation of foreign affiliate financial statements from the affiliate's functional currencies into the U.S. dollar. Compute the adjustment in accordance with FAS 52 or other current standards of the Financial Accounting Standards Board. Report the translation adjustment here on a quarterly basis, not on a cumulative or year-to-date basis. 313</p>	1			2		
<p>14. Dividends or remitted earnings – Dividends on common and preferred stock, excluding stock and liquidating dividends of incorporated U.S. banking affiliate, or distributed earnings of a U.S. bank affiliate that is a branch or agency. Exclude reimbursed losses. (Report reimbursed losses in item 31a.) Report dividends or remitted earnings as of the date they were either paid, accrued, or transferred to the home office, whichever occurred first. Any subsequent settlement of dividends declared but not paid should not be reported. 014</p>	1			2		
<p>15. U.S. tax withheld – Report U.S. tax withheld on dividends or on distributed earnings of a U.S. banking affiliate that is a branch or agency. 016</p>	1			2		
<p>16. Net amount – Report net amount of dividends or distributed earnings. Equals item 14 less item 15. 017</p>	1			2		

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Part III PAYMENTS AND RECEIPTS BETWEEN U.S. AFFILIATE AND FOREIGN PARENT, AND BETWEEN U.S. AFFILIATE AND FOREIGN AFFILIATES OF THE FOREIGN PARENT (FAFP)

Enter amounts received, paid, or entered into intercompany accounts, whichever occurred first. Include amounts for which payment was made in kind. For an item accrued prior to the reporting period, do not report any subsequent settlement of the account in the items below. Exclude interest related to the parent's and affiliate's ordinary banking business. Report items 17 through 20 net of any taxes withheld.

		Payments or accruals by U.S. affiliate to foreign parent			Receipts by or accruals to U.S. affiliate from foreign parent		
		Bil.	Mil.	Thou.	Bil.	Mil.	Thou.
17. Interest on invested debt (item 21) – Do not include interest from other types of loans.	018						
18. Royalties, license fees, and other fees for the use or sale of intangible property	019						
19. Charges for the use of tangible property – Include rentals for operating leases of one year or less and net rent on operating leases of more than one year. Net rent is equivalent to the total lease payment less the return of capital (depreciation) component.	020						
20. Allocated expenses and sales of services – Include: (1) allocated expenses or reimbursements for management, professional, technical, or other services that would normally be included in "other income" in the income statement of the provider of the service and, (2) payments by the U.S. affiliate to, or receipts by the U.S. affiliate from, the foreign parent and FAFP for services that are separately billed and that would normally be included in gross operating revenues of the seller of the service. Also include as a charge for services rendered any explicit fees paid to, or received from, the foreign parent or FAFP for arranging an interest rate or foreign currency swap agreement. See <i>Specific Instructions</i> .	022						

Part IV FOREIGN BANK PARENT'S PERMANENT DEBT INVESTMENT BALANCES IN U.S. AFFILIATE

Report the balance of foreign bank parent's "permanent" debt investment that relates ONLY to consolidated subsidiaries or units that are banks or bank holding companies. DO NOT include debt that arises from ordinary banking operations or debt that relates to insurance, real estate, or leasing subsidiaries or units. If the closing balance on the previous quarter's report is incorrect, note the correction in column 2.

		End-of-quarter			Beginning-of-quarter		
		Bil.	Mil.	Thou.	Bil.	Mil.	Thou.
21. Foreign bank parent's permanent debt investment balances in U.S. affiliate – Include debt that is considered to be BOTH (a) permanently invested by the foreign bank parent, and (b) positively identified as being used for nonbanking-type activities (e.g., debt used to acquire buildings, equipment, and other fixed assets). Exclude non-permanent debt such as ordinary bank loans or deposits. Also exclude demand and overnight accounts, debt used to fund investment activities, debt for which the proceeds are used to meet regulatory and/or capital requirements, and debt with foreign parents that are not banks.	124						

Part V INTERCOMPANY BALANCES BETWEEN THE INSURANCE, REAL ESTATE, AND LEASING SUBSIDIARIES OR UNITS OF THE U.S. AFFILIATE AND THE FOREIGN PARENT AND FAFP

22. Does this Form BE-605 BANK include data for domestic U.S. subsidiaries or units that have insurance, real estate, or leasing activities?

126 **1** Yes – Answer items 23 through 25

2 No – Go to item 26

For items 23 and 24 report amounts that relate ONLY to insurance, real estate, and leasing activities. Report amounts according to the books of the U.S. affiliate.

		End-of-quarter			Beginning-of-quarter		
		Bil.	Mil.	Thou.	Bil.	Mil.	Thou.
23. Liabilities – Report balances relating to your insurance, real estate, and leasing activities, owed by U.S. affiliate to foreign parent and to FAFP both, current and long-term.	127						
24. Receivables – Report balances relating to your insurance, real estate, and leasing activities, due to the U.S. affiliate from the foreign parent and from FAFP, both current and long-term. Include certificates of deposit and other deposits (that would otherwise be included in cash on your balance sheet) held by the foreign parent or FAFP.	128						
25. Interest – Report payments, receipts, and accruals of interest on liabilities and receivables related to the insurance, real estate, and leasing activities above (items 23 and 24). For an account accrued prior to the reporting period, do not report any subsequent settlement of the account in this item. Report net of U.S. tax withheld.	129						

Part VI FOREIGN PARENT'S SHARE OF THE CHANGE DURING THE QUARTER IN U.S. AFFILIATE'S LOAN LOSS RESERVE (LLR), EXCLUDING LOANS TRANSFERRED TO THE FOREIGN PARENT

Report the foreign parent's (home office's), equity share of the reporting bank's loan losses or LLR. Calculate the amounts by multiplying the reporting bank's loan losses or LLR by the foreign parent's percentage of ownership. Report all reserves, including general reserves, reserves specific to individual loans, and reserves allocated based on specific country risk. Bank holding companies should include the LLR's of all banks included in the consolidated enterprise.

		Amount		
		Bil.	Mil.	Thou.
26. Loan loss reserve – Balance at close of prior quarter. If amended from previous quarter's BE-605 BANK report, note revision.	134			
27. Provision for loan losses – Amount charged to the LLR account during current quarter. Report the net effect of all LLR transactions on current quarter net income. For example, include general and/or specific allocations to the LLR less funds received against fully reserved loans that are not written off. Include the amount of any direct write-offs in this item and in item 28.	135			
28. Loan losses – Amount of actual loan losses incurred during current quarter, including direct write-offs. Report both write-offs and sales of loans that are fully reserved. If revenue differs from net book value include the difference in item 12a.	136			
29. Recovered losses and other adjustments – Specify amounts reinstated to the LLR resulting from prior write-offs. If the LLR is being reinstated, report amount of the recovery included in income as a gain in item 12a. Report recoveries of funds against loans fully reserved, but not written off, in item 27 as a reduction. Specify deposits made directly to the LLR by the foreign parent, adjustments due to changes in the foreign parent's ownership percentage and/or acquisition or disposal of an operating bank(s), and any miscellaneous or other adjustments to the LLR not reported in items 27 or 28 – <i>Specify</i>	137			
30. Loan loss reserve – Balance at close of current quarter. Equals sum of items 26, 27, and 29 minus 28.	138			

Part VII CHANGES IN EQUITY HOLDINGS IN THE U.S. AFFILIATE BY THE FOREIGN PARENT

Report transactions by the foreign parent that changed its equity holdings in the U.S. affiliate.

Exclude changes caused by carrying net income to the equity account, the payment of stock or cash dividends (other than liquidating dividends), or the remittance of earnings during the period. Exclude effect of treasury stock transactions with persons other than the foreign parent, reimbursed losses, and reorganizations in capital structure that do not affect total equity. REPORT ALL AMOUNTS AT THE TRANSACTION VALUE, i.e., the value of the consideration given or received by the foreign parent for the increases or decreases in the foreign parent's equity holdings in the U.S. affiliate.

TRANSACTIONS BETWEEN FOREIGN PARENT AND U.S. AFFILIATE

31. Increase in equity interest

Amount			Amount		
Bil.	Mil.	Thou.	Bil.	Mil.	Thou.

31a. Increase from reimbursed losses – Report the foreign parent's increase in the U.S. affiliate's equity (or home office account), excluding amounts reported in Parts II and IV. 326

31b. Other Increases – Report purchases of capital stock by the foreign parent from the U.S. affiliate and other contributions by the foreign parent of equity capital not resulting in the issuance of stock to the foreign parent by the U.S. affiliate. 327

Total Increases in equity interest – Equals sum of 31a and 31b. 026

32. Decrease in equity interest – Report sales of capital stock by the foreign parent to the U.S. affiliate, returns of contributed equity capital to the foreign parent not resulting in a reduction of issued stock, and distributions to the foreign parent (excluding amounts reported in Parts II, IV, and V) following total liquidation of the U.S. affiliate. Branches and agencies, report the foreign parent's decrease in the U.S. affiliate's equity (or home office account), excluding amounts reported in Parts II, IV, and V. 027

TRANSACTIONS BETWEEN FOREIGN PARENT AND A PERSON OTHER THAN THE U.S. AFFILIATE

Acquisition by foreign parent of equity interest in U.S. affiliate from –

33. U.S. persons other than the U.S. affiliate 028

34. All foreign persons 029

Sale by foreign parent of equity interest in U.S. affiliate to –

35. U.S. persons other than the U.S. affiliate 030

36. All foreign persons 031

37. TOTAL TRANSACTION VALUE – Equals sum of items 31, 33, and 34, minus sum of items 32, 35, and 36. 032

38. Book value – Report the book value (approximate) of the transactions reported in items 31 through 36, above. Exclude changes caused by carrying net income to the equity account, payment of stock or cash dividends other than liquidating dividends, distribution of earnings, and treasury stock transactions. Those items should be reported in item 11, net income (loss), and in item 12a. 033

Part VIII ANNUAL INCOME AND EQUITY POSITION

Complete **once** a year, not later than the second filing following the close of the calendar year (or fiscal year if the U.S. affiliate's books are not kept on a calendar year basis). For example, following a fiscal year ending December 31, this section must be completed on the report due within 30 days after the close of the first quarter, or April 30. If actual amounts are not available, supply estimates and label them as such. When a data item cannot be fully subdivided as required, supply a total and an estimated breakdown of the total.

39. U.S. affiliate's calendar (or fiscal) year ending date 034

Month	Day	Year
1		

40. Foreign parent's percentage of equity ownership interest in the U.S. affiliate at end of year – Enter to tenth of one percent. 035

1				%
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INCOME STATEMENT ITEMS

See instructions for items 11, 12, and 13, except that these items refer to the annual amount for the year designated in item 39. Please note in the Remarks section, page 4, any revisions to previously reported quarterly data made after the annual audit.

41. Foreign parent's direct equity in U.S. affiliate's annual net income (loss) after provision for U.S. Federal, State, and local income taxes. 036

42. Foreign parent's share of certain realized and unrealized gains (losses), net of tax effect:

a. Included in net income (item 41) 037

b. Not included in net income (item 41) but taken directly to retained earnings or other comprehensive income excluding translation adjustment 038

43. Foreign parent's share of translation adjustment for the year (an adjustment to other comprehensive income) 338

OWNER'S EQUITY ITEMS FOREIGN PARENT'S SHARE

Report the foreign parent's share of the owner's equity items of the U.S. affiliate as of the end of the year shown in item 39. Items 44-46 must be computed on the equity method consistent with items 11 and 37.

44. Common and preferred stock and additional paid-in capital 039

45. Retained earnings (deficit) 040

46. Other equity accounts, including other comprehensive income – Specify 041

47. TOTAL – Equals sum of items 44, 45, and 46 042

Part IX ANNUAL INSURANCE ACTIVITIES WITH FOREIGN PARENT AND FAFP

Important Note: Items 48 and 49 below are to be completed ONLY for subsidiaries or units included in this fully consolidated report with operations in insurance.

Premiums earned and losses incurred. Complete once a year, not later than the second filing following the close of the calendar year (or fiscal year if the U.S. affiliate's books are not kept on a calendar year basis). In item 48 report the annual amount of premiums earned from the sale of insurance to the foreign parent and FAFP. In item 49 report the annual amount of losses incurred on such insurance sold.

48. Premiums earned – Calculate as premiums written during the year, plus unearned premiums at the beginning of the year, minus unearned premiums at the end of the year. 148

49. Losses incurred – For property and casualty insurance, calculate as losses paid during the year, plus the net increase (or minus the net decrease) during the year in case reserves and in losses incurred but not reported. For life insurance, losses reflect policy claims on reinsurance assumed or ceded, or on primary insurance sold, adjusted for changes in claims due, unpaid, and in course of collection. For both types of insurance, do not include loss adjustment expenses. 149

Amount		
Bil.	Mil.	Thou.

1		
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1		
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CERTIFICATION OF EXEMPTION – Mark (X) below to indicate reason affiliate is exempt and complete the "Person to Consult" and "Certification" sections below on this form. See "Reporting Requirements" for determining exempt status.

EXEMPT STATUS – Mark (X) one:

A01 1 This U.S. affiliate is exempt because **each** of the three items listed below is equal to or less than \$30 million (positive or negative). Enter the amount for each of the three items – *Data should be for the fully consolidated U.S. business enterprise and for, or as of the end of, the most recent financial year (use projections if annual data are unavailable).*

	Bil.	Mil.	Thous.
1			
A11	\$		
1			
A12	\$		
1			
A13	\$		
	Month	Day	Year
1			
A14			

- Total assets – **Do not net out liabilities.**
- Sales or gross operating revenues, excluding sales taxes – **Do not give gross margin.**
- Net income (loss) after provision for U.S. income taxes
- The above data are for the 12-month period ended

If any one of the three items above exceeds the exemption level, either positive or negative, the U.S. affiliate must report. Quarterly reports for a year may be required retroactively when it is determined that the exemption level has been exceeded. If a U.S. affiliate's total assets, sales, or net income (loss) exceeded the exemption level in a given year, it is deemed that the exemption level will also be exceeded in the following year.

2 This U.S. affiliate is consolidated, merged, or reorganized into another U.S. affiliate. Complete the following:

- Name and BEA ID number* of the directly owned U.S. affiliate in the consolidated group

A21

* If BEA ID number is not known, please provide contact information for the above company in the Remarks sections below.

	Month	Day	Year
1			
A22			

- Date of change in status

3 This U.S. affiliate is only indirectly foreign owned through another U.S. affiliate, and has no direct transactions or accounts (e.g. debt investment balances or other direct transactions relating to insurance, real estate or leasing activities of the consolidated U.S. affiliate) with the foreign parent(s) or any of its(their) foreign affiliates. NOTE If the other U.S. affiliate has a majority interest (greater than 50%) in this U.S. affiliate, this item does **not** apply. See Instructions on "Consolidations."

4 In a prior quarter, the foreign parent's **voting interest** in this U.S. business enterprise was either –

- (a) sold to a U.S. person that is not a U.S. affiliate,
- (b) liquidated, or
- (c) diluted, so that the foreign parent's voting interest is below 10%.

Complete the following:

- Date of change in status
- Approximate sale or liquidation value – *If this amount was not reported in Part VII of a prior quarter's Form BE-605 Bank, also complete Part VII on page 1 of this form.*

	Month	Day	Year
1			
A31			
	Bil.	Mil.	Thous.
1			
A32	\$		

- If sold, name of other U.S. person(s) to whom sold
- If diluted, use "Remarks" space below to explain

5 Other – Use Remarks section below to specify and include reference to section of regulations or instructions on which claim is based.

A41 Remarks
1

PERSON TO CONSULT CONCERNING QUESTIONS ABOUT THIS REPORT – Enter name and address				CERTIFICATION – The undersigned official certifies that this report has been prepared in accordance with the applicable instructions, is complete, and is substantially accurate except that, in accordance with the Instructions , estimates have been provided where data are not available from customary accounting records or precise data could not be obtained without undue burden.	
Name		801 1		Authorized official's signature	
Address					
TELEPHONE NUMBER				Print or type name and title	
802 1	Area code	2	Number		
FAX NUMBER				Date	
803 1	Area code	2	Number		
May we use e-mail to correspond with you to discuss questions relating to this Form BE-605 BANK, including questions that may contain information about your company that you may consider confidential? (Note that electronic mail is not inherently confidential; we will treat information we receive as confidential, but your e-mail is not necessarily secure against interception by a third party.)				805 Email address	
804 <input checked="" type="checkbox"/> 1 Yes – If yes, please provide your e-mail address. →				1	
804 <input type="checkbox"/> 2 No					

TRANSACTIONS OF U.S. BANKING AFFILIATE WITH FOREIGN PARENT

Purpose – Reports on this form are required in order to provide reliable and up-to-date information on foreign direct investment in the United States for inclusion in the U.S. international transactions accounts and the national income and product accounts.

Authority – This survey is being conducted under the International Investment and Trade in Services Survey Act (P.L. 94-472, 90 Stat. 2059, 22 U.S.C. 3101-3108, as amended hereinafter "the Act"), and the filing of reports is MANDATORY pursuant to Section 5(b)(2) of the Act (22 U.S.C. 3104).

The Office of Management and Budget has approved this survey under the Paperwork Reduction Act (44 U.S.C. 3501 et seq.).

Penalties – Whoever fails to report may be subject to a civil penalty not less than \$2,500, and not more than \$25,000, and to injunctive relief commanding such person to comply, or both. Whoever willfully fails to report shall be fined not more than \$10,000 and, if an individual, may be imprisoned for not more than one year, or both. Any officer, director, employee, or agent of any corporation who knowingly participates in such violation, upon conviction, may be punished by a like fine, imprisonment, or both. (22 U.S.C. 3105).

Notwithstanding any other provision of the law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act, unless that collection of information displays a currently valid OMB Control Number. The control number for this survey is at the top of Form BE-605 Bank.

Confidentiality – The Act provides that your report to this Bureau is CONFIDENTIAL and may be used only for analytical or statistical purposes. Without your prior written permission, the information filed in your report CANNOT be presented in a manner that allows it to be individually identified. Your report CANNOT be used for purposes of taxation, investigation, or regulation. Copies retained in your files are immune from legal process.

Filing of report – Form BE-605 Bank is a quarterly report. File a single copy of each report within 30 days after the close of each calendar (or fiscal) quarter, except for the final quarter of the calendar (or fiscal) year, when reports should be filed within 45 days. Direct requests for extension of the filing date, additional forms, or clarification of the reporting requirements or instructions to:

U.S. Department of Commerce
Bureau of Economic Analysis, BE-49(Q)
Washington, DC 20230
or fax: (202) 606 5319

Assistance – For assistance, telephone (202) 606 5577 between 8:30 a.m. to 4:30 p.m. eastern time. Forms can be obtained from BEA's web site at:
www.bea.gov/bea/surveys/fdiusurv.htm

DEFINITIONS

United States, when used in a geographic sense, means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and all territories and possessions of the United States.

Foreign, when used in a geographic sense, means that which is situated outside the United States or which belongs to or is characteristic of a country other than the United States.

Person means any individual, branch, partnership, associated group, association, estate, trust, corporation, or other organization (whether or not organized under the laws of any State), and any government (including a foreign government, the United States Government, a State or local government, and any agency, corporation, financial institution, or other entity or instrumentality thereof, including a government-sponsored agency).

Foreign person means any person resident outside the United States or subject to the jurisdiction of a country other than the United States.

Direct investment means the ownership or control, directly or indirectly, by one person of 10 per centum or more of the voting securities of an incorporated business enterprise or an equivalent interest in an unincorporated business enterprise.

Foreign direct investment in the United States means the ownership or control, directly or indirectly, by one foreign person of 10 per centum or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise, including a branch.

Branch means the operations or activities conducted by a person in a different location in its own name rather than through an incorporated entity.

Affiliate means a business enterprise located in one country which is directly or indirectly owned or controlled by a person of another country to the extent of 10 per centum or more of its voting stock for an incorporated business or an equivalent interest for an unincorporated business, including a branch.

U.S. affiliate means an affiliate located in the United States in which a foreign person has a direct investment.

Foreign parent means the first foreign person in the ownership chain of the U.S. affiliate.

Affiliated foreign group means (1) the foreign parent, (2) any foreign person, proceeding up the foreign parent's ownership chain, which owns more than 50 per centum of the person below it up to and including that person which is not owned more than 50 per centum by another foreign person, and (3) any foreign person, proceeding down the ownership chain(s) of each of these members, which is owned more than 50 per centum by the person above it.

Foreign affiliate of foreign parent means, with reference to a given U.S. affiliate, any member of the affiliated foreign group owning the affiliate that is not a foreign parent of the affiliate.

U.S. corporation means a business enterprise incorporated in the United States.

Business enterprise means any organization, association, branch, or venture which exists for profitmaking purposes or to otherwise secure economic advantage, and any ownership of any real estate.

Banking covers business enterprises engaged in deposit banking or closely related functions, including commercial banks, Edge Act corporations engaged in international or foreign banking, foreign branches and agencies of U.S. banks whether or not they accept deposits abroad, U.S. branches and agencies of foreign banks whether or not they accept domestic deposits, savings and loans, savings banks, and bank holding companies. (U.S. branches of foreign banks are U.S. persons; conversely, foreign branches of U.S. banks are foreign persons.)

GENERAL INSTRUCTIONS

Accounting methods and records – Generally accepted U.S. accounting principles should be followed, unless otherwise specified. Corporations should generally use the same methods and records that are used to generate reports to stockholders except where the instructions indicate a variance. Reports for unincorporated businesses should be generated on an equivalent basis. Reference to Financial Accounting Standards Board statements are referred to as "FAS" statements. Report items according to U.S. generally accepted accounting principles per books of the U.S. affiliate, except in Part VII, where items 31-37 are to be reported at the market value of the transaction.

Currency amounts – Amounts should be reported in thousands of U.S. dollars. If an amount is between \pm \$500, enter "0." Use parentheses to indicate negative numbers.

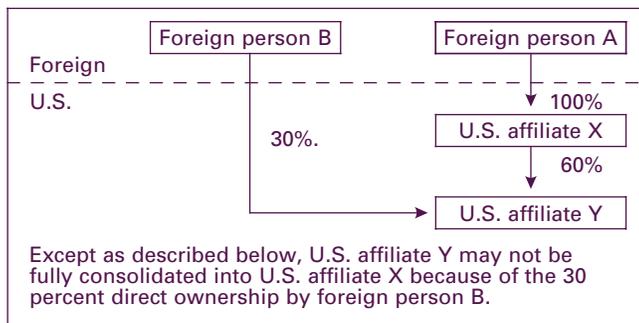
Estimates – If actual amounts are not available, supply estimates and label them as such. When a data item cannot be fully subdivided as required, supply a total and an estimated breakdown of the total.

Multiple foreign parents – If two or more foreign persons hold reportable equity interests in a U.S. affiliate, a separate report should be filed to report transactions or accounts with each foreign parent.

GENERAL INSTRUCTIONS – Continued

Consolidation – A listing of the names and addresses of the U.S. affiliates included in the consolidation should be provided with the first filing and then updated as necessary. The list should indicate each U.S. affiliate's direct owner and the percentage of direct ownership interest held. For an incorporated U.S. banking affiliate, its U.S. branches should not be listed.

A U.S. affiliate in which a direct ownership interest and an indirect ownership interest are held by **different** foreign persons should not be fully consolidated into another U.S. affiliate, but must complete and file its own BE-605 BANK. (See diagram below.)



Reflect the indirect ownership interest, even if more than 50 percent, on the BE-605 Bank report for the directly held U.S. affiliate on an equity basis. For example, in the situation shown in the diagram above, U.S. affiliate X must treat its 60 percent ownership interest in U.S. affiliate Y as an equity investment.

If both the direct and indirect lines of ownership are held by the **same** foreign person, the affiliate may be fully consolidated and the minority interest not held by the foreign parent either directly or indirectly must be eliminated. Thus, if in the diagram above, U.S. affiliate Y is 30 percent directly owned by Foreign person A instead of Foreign person B, then U.S. affiliate Y may be fully consolidated into U.S. affiliate X. In this example, the 10 percent minority interest that is not owned (directly or indirectly) by Foreign person A is eliminated.

Do not consolidate foreign subsidiaries, branches, operations or investments no matter what the percentage ownership. Report foreign holdings of the U.S. bank affiliate owned 20 percent or more (including those that are majority owned) using the equity method of accounting. DO NOT eliminate intercompany accounts for investments reported using the equity method. You may report immaterial foreign investments using the cost method of accounting if this treatment is consistent with your normal reporting practice.

Method of accounting for equity investments in business enterprises that are not fully consolidated –

A U.S. affiliate's equity investment in all foreign business enterprises and in U.S. business enterprises that are not fully consolidated should be accounted for as detailed below. Foreign business enterprises must not be fully consolidated with the U.S. affiliate no matter what the percentage ownership. When equity investments are included under the equity basis, intercompany account items MUST NOT be eliminated.

Generally, investment in those business enterprises owned 20 percent or more (including those that are majority-owned) should be reported using the equity basis. However, immaterial investments may be reported using the cost basis provided this basis is consistent with normal reporting practice. Investment in those business enterprises owned less than 20 percent normally should be reported using the cost basis.

Aggregation of Branches and Agencies – All U.S. banking branches and agencies (including IBF's) directly owned by a given foreign parent may be aggregated on a single Form BE-605 Bank. Operations of branches that are separately chartered offshore, in the Cayman Islands or the Bahamas, for example, are not to be reported in the BE-605 Bank survey, because they are considered to be foreign branches of the foreign parent.

Retention of copies – Retain a copy of all reports filed for 3 years beyond the report's original due date.

Revisions – File revisions to any prior period data either by letter, if the revisions are minimal; by noting changes on a file copy of the previously completed form; or by completing a revised form in its entirety and refile it. Please DO NOT make revisions to prior quarters using ASTAR, BEA's electronic filing system.

SPECIFIC INSTRUCTIONS

Part I

A U.S. affiliate that is only indirectly foreign owned (item 7 must be marked), but is required to file a separate report on Form BE-605 Bank because it has direct transactions or positions with the foreign parent, should complete only Parts I, III, IV, and V as applicable.

PART II

Items 12a and 12b – Certain realized and unrealized gains and losses include:

- (1) Sale or disposition of investment securities, and FAS 115 impairment losses.
- (2) Sale or disposition of land, other property, plant and equipment, or other assets, and FAS 144 impairment losses. DO NOT include gains or losses from the sale of inventory assets in the ordinary course of trade or business. Real estate companies, see below for further instructions.
- (3) Goodwill impairment as defined by FAS 142.
- (4) Restructuring – Include restructuring costs that reflect write downs or writeoffs of assets or liabilities. DO NOT include actual payments or charges to establish reserves for future actual payments, such as for severance pay and fees to accountants, lawyers, consultants, or other contractors.
- (5) DISPOSALS of discontinued operations. However, DO NOT include income from the operations of a discontinued segment.
- (6) Remeasurement of the U.S. affiliate's foreign currency denominated assets and liabilities due to changes in foreign exchange rates during the reporting period.
- (7) Extraordinary, unusual, or infrequently occurring items that are material. Include losses from accidental damage or disasters, after estimated insurance reimbursement. Include other material items, including writeups, writedowns, and writeoffs of tangible and intangible assets; gains (losses) from the sale or other disposition of capital assets; and gains (losses) from the sale or other disposition of financial assets, including securities, to the extent not included above.

Special instructions for real estate companies.

Report gains or losses from the sale, disposition, or revaluation of land, other property, plant, and equipment, or other assets as follows: (1) Realized gains and losses – Include gains or losses from the sale of real state in the ordinary course of business in item 11. DO NOT report these gains or losses in items 12a or 12b. (2) Impairment of long-lived assets – Include impairment losses, as defined by FAS 144 and recognized during the period, in item 11. (3) Unrealized gains – Include gains recognized due to the revaluation of real estate assets in item 12a.

PART III

Item 20 – Allocated expenses and sales of services include insurance services (see special instructions below); financial services; transportation services; computer and information services; management and consulting services; and research, development, and testing services.

DO NOT include:

- Fees for commodity or merchandise brokerage services,
- Earnings from buying and selling (i.e., trading) commercial paper or other securities for your own account,
- Gains or losses due to selling or revaluing securities,
- Interest under repurchase or reverse repurchase agreements,
- Earnings from dealer markups on buy and sell transactions (i.e., bid/ask price spreads),
- Real estate brokerage fees,
- Business brokerage fees,
- Annuity purchases and payments to annuitants,
- Pension fund contributions and benefits,
- Earnings of principals from buying and selling of financial instruments,
- Bid/ask price spreads and trading profits on dealing in foreign currencies, securities, and other financial instruments,
- Interest and dividend receipts and payments.

Special instructions for insurance services

In column (1), report payments of premiums by the U.S. affiliate for the purchase of primary insurance sold to it by any member of the affiliated foreign group that is an insurance company. In column (2), report losses on such insurance recovered by the U.S. affiliate.