

General Instructions

Banks must prepare this schedule on a monthly basis, which includes all assets and liabilities and derivatives held in the trading account. Trading assets and liabilities should be reported at their fair value, with all gains or losses recognized in items 5a or 5b of the Income Statement as *Trading Account Gains/Losses*.

This schedule is composed of four columns A, B, C, and D. In column B, report the total fair value for each item denominated in afghani. In column C, report the afghani equivalent fair value for each item denominated in U. S. Dollar. In column D, report the total afghani equivalent fair value for each item denominated in all other foreign currencies. In column A, report the sum of columns B, C, and D for each item.

Trading assets and liabilities should generally be reported in this schedule if the following two tests are met:

- (1) Acquisition for trading purposes: For this schedule, assets and liabilities are acquired for trading purposes if they meet any of the following criteria. Banks that regularly: a) underwrite or trade in securities, interest rate contracts, foreign exchange contracts, other commodity and equity derivative contracts, and other financial instruments; b) acquire or take positions in such items principally for the purpose of selling in the near term or otherwise with the intent to resell in order to profit from short-term price movements; or c) acquire or take positions in such items as an accommodation to customers or for other trading purposes shall report such assets or positions as trading assets or liabilities.
- (2) Readily determinable fair values: See the Glossary, *Fair Value, Readily Determinable Fair Value Criteria* for a description of the standard for readily determinable fair value. If the standard is not met, banks cannot report the underlying asset or liability in a trading account, even if the item was acquired for trading purposes consistent with (1) above. All such items must instead be reported as available for sale and carried at the lower of cost or market value (as estimated by management).

Transfers into or from the Trading Account

Transfers into or from the trading account should be rare. Transfers from the trading account should only occur when an investment no longer meets the fair value criteria. Transfers to the held to maturity or available for sale category must be recorded at fair value at the time of the transfer. Any unrealized gain or loss at the date of transfer on an item transferred from the trading account will already have been recognized in the Income Statement item 5a or 5b as *Trading Account Gains/Losses*, and should not be reversed. However, for an item transferred into the trading account, any unrealized gain or loss transfer date should be recognized in line 5a or 5b of the Income Statement as *Trading Account Gains/Losses*.

Exclude from this schedule:

- (1) All debt and equity securities held for trading purposes that do not meet the readily determinable fair market value criteria. These should be reported as available for sale and carried at the lower of cost or market.
- (2) All securities designated as either available for sale or held to maturity. These should be reported in the Investment Account Composition Schedule under the relevant subcategories.
- (3) All debt or equity holdings that relate to investments in unconsolidated subsidiaries and associated companies. These are reported in item 8 of the Balance Sheet, *Investments in Unconsolidated Subsidiaries and Associated Companies*.

Item No. **Caption and Instructions**

1 **ASSETS**

1a **Domestic Securities:**

1a(1) **Afghanistan Government Securities:** Report the fair value of all debt securities that are obligations of the Afghanistan government held in the trading account, including securities issued by the central bank or a government ministry guaranteed by the Afghanistan government (do not report interest income on capital notes here).

1a(2) **Municipal Securities:** Report the fair value of all debt securities that are obligations of Afghanistan municipalities held for trading purposes.

1a(3) **Corporate Securities:** Report the fair value of all corporate securities issued by Afghanistan chartered corporations that are held for trading purposes.

1a(4) **Other Debt Securities:** Report the fair value of all other domestic debt securities held for trading purposes that are not reportable in item 1a(1) through 1a(3), and that meet the readily determinable fair value criteria for domestic securities.

1a(5) **Equity Securities and Hybrid Instruments:** Report the fair value of all equity securities and hybrid instruments (e.g., preferred stock, convertible securities, etc.) issued by Afghanistan chartered corporations held for trading purposes.

1b **Foreign Securities:**

Item No. **Caption and Instructions**

- 1b(1)** **Securities Issued by Category A Counterparties:** Report the fair value of sovereign debt obligations of all countries and international organizations with 0% risk weight issued by Category A countries held for trading purposes, and which carry an investment grade rating assigned by a recognized international rating agency such as Standard & Poor's or Moody's.
- 1b(2)** **All Other Foreign Government Securities:** Report the fair value of all other sovereign debt obligations held for trading purposes that are not reportable in item 1b(1) if these meet the readily determinable fair value criteria for foreign securities.
- 1b(3)** **Corporate Securities:** Report the fair value of all corporate securities issued by foreign chartered corporations that are held for trading purposes.
- 1b(4)** **Other Debt Securities:** Report the fair value of all other foreign debt securities held for trading purposes that are not reportable in item 1b(1) through 1b(3), and that meet the readily determinable fair value criteria for foreign securities.
- 1b(5)** **Equity Securities and Hybrid Instruments:** Report the fair value of all equity securities and hybrid instruments (e.g., preferred stock, convertible securities) issued by foreign entities held for trading purposes.
- 1c** **Other Trading Assets:**
- 1c(1)** **Other On-balance Sheet Trading Assets:** Report the sum of all other on-balance sheet trading account assets that cannot be properly reported in items 1a(1) thru 1b(5), including claims on banks and other financial institutions held for trading purposes. For example, any claims on banks and other financial institutions used as a vehicle to trade securities and and/or other financial instruments should be reported here.
- 1c(2)** **Positive Fair Value of Derivative Contracts Held for Trading:** Report positive fair value from marking to market interest rate, foreign exchange rate, and other commodity and equity derivative contracts held for trading. Include any positive fair value resulting from the ineffective portion of a derivative contract which has been designated and qualifies as a hedge. Do not net negative fair value on derivative instruments held for trading against this item. Report negative fair value on derivatives held for trading in item 2b, *Negative Fair Value of Derivatives Held for Trading*.
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- 1d** **Total Trading Assets:** Report the sum of items 1a, 1b, and 1c. This amount must equal the Balance Sheet, item 4, *Trading Account Assets*.
- 2** **LIABILITIES**
- 2a** **Liability for Short Positions:** Report the total amount of liabilities resulting from the sale of assets the reporting bank does not own.
- 2b** **Negative Fair Value of Derivatives Held for Trading:** Report the negative fair value from marking to market interest rate, foreign exchange rate, and other commodity and equity derivative contracts held for trading purposes. Include any negative fair value resulting from the ineffective portion of a derivative contract which has been designated and qualifies as a hedge. Do not net positive fair value) on derivative instruments held for trading against this item. These are reported in item 1c(2), *Positive Fair Value of Derivatives Held for Trading*.
- 2c** **Total Trading Liabilities:** Report the sum of items 2a and 2b. This amount must equal the Balance Sheet, item 20a, *Trading Liabilities*.