

### General Instructions

This schedule is to be completed on a quarterly basis. This schedule is divided into three parts:

**Section I:** Notional/Par Amounts provide gross notional/par value information on various types of derivative contracts (stated in afghani) held for trading and for hedging purposes.

**Section II:** Fair value of derivatives provides information on the positive and negative fair values of derivative contracts that are held for trading and for hedging purposes.

**Section III:** Credit Substitutes and Other Off-Balance Sheet Items provides information on various types of credit substitutes including loan commitments, commercial letters of credit, standby letters of credit and other contingent liabilities.

### **Section I: Notional/Par Amount of Derivative Contracts**

This section requests notional/par amount of derivative contracts held by the reporting bank. A derivative is a financial instrument:

- (a) whose value changes in response to the change in a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit index, or similar variable;
- (b) that requires little or no initial net investment relative to other types of contracts that have a similar response to changes in market conditions; and
- (c) that is settled at a future date.

This section has four columns: A, B, C and D. Report each derivative contract according to its underlying risk exposure in the appropriate subitems 1 through 4. Derivative contracts with multiple risk characteristics should be identified based on the predominant risk characteristics at origination. In column A, report in the appropriate subitems 2 through 4 the gross notional/par value in afghani or afghani equivalent of all derivative contracts held for trading. Derivative contracts denominated in currencies other than afghani should be revalued at the exchange rate as of the reporting date.

In column B, report in the appropriate subitems 2 through 4 the gross notional/par value (stated in afghani) of all derivative contracts held for hedging purposes. If appropriate, report only the effective portion of notional/par value associated with the hedge. In

column C, report the total notional/par amounts for each derivative subcategory listed under items 1 through 4. The sum of column C, items 2, 3 and 4 must equal sum of items 2, 3 and 4 columns A and B. In column D, report the average notional/par balance for each derivative subcategory listed under items 1 through 4, calculated as the average of notional/par balances for each Wednesday during the calendar quarter.

The notional amount or par value to be reported for a derivative with a multiplier component is the contract's effective notional amount or par value. For example, a swap contract with a stated notional amount of 1,000,000 whose terms call for quarterly settlement of the difference between 5% and LIBOR multiplied by 10 has an effective notional amount of 10,000,000 (1,000,000 x 10) rather than 1,000,000.

No netting of contracts or exposures is permitted for this item. Therefore, do not net: (1) obligations of the reporting bank to purchase from third parties against obligations to sell to third parties; (2) written options against purchased options; or (3) contracts subject to bilateral netting agreements.

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**1**      **Spot Foreign Exchange Contracts:** Report in the appropriate columns the notional or par value of all spot contracts committing the bank to purchase afghani or foreign currencies. Report only the purchase side of the contract, regardless of whether this commits the bank to purchase afghani or a foreign currency. Report amounts in afghani or afghani equivalent.

**2**      **All Other Foreign Exchange Contracts:** Report in the appropriate subitems and columns the notional or par value of all other foreign exchange contracts outstanding as of the reporting date. Report only the purchase side of a contract, regardless of whether this commits the bank to purchase afghani or a foreign currency. Report amounts in afghani or afghani equivalent.

Exclude from this item all spot foreign exchange contracts, which are reported in item 1 above.

**2a**      **Foreign Exchange Futures:** Report in the appropriate columns the notional or par amount of all currency futures contracts outstanding as of the reporting date. A currency futures contract is a standardized agreement for delayed delivery of afghani or a foreign currency in which the buyer agrees to purchase and the seller agrees to deliver at a specified future date, a specified amount at a specified exchange rate. Foreign exchange futures contracts trade on organized exchanges that act as the counterparty to each contract.

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2b	<b><u>Foreign Exchange Forwards:</u></b> Report in the appropriate columns the notional or par amounts of all foreign exchange forward contracts outstanding as of the reporting date. A forward foreign exchange rate contract is an agreement for delayed delivery of afghani or a foreign currency in which the buyer agrees to purchase and the seller agrees to deliver at a specified future date, a specified amount at a specified exchange rate. Foreign exchange forward contracts do not trade on organized exchanges and their contractual terms are not standardized.
2c	<b><u>Foreign Exchange Swaps:</u></b> Report in the appropriate columns the notional par amount of all outstanding cross-currency swaps. A cross-currency swap is a transaction in which two parties agree to exchange principal amounts of different currencies, usually at the prevailing spot rate, at the inception of an agreement that lasts for a certain period of time. At defined intervals over the life of the swap, the counterparties exchange payments in the different currencies based on specified rates of interest. When the agreement matures, the principal amounts are re-exchanged at the spot rate. The notional amount of a cross-currency swap is generally the underlying principal amount on which the exchange is based.
2d	<b><u>Foreign Exchange Options – Purchased:</u></b> Report in the appropriate columns the notional or par amount the reporting bank has for a fee or premium, purchased the right (but not the obligation) to either buy or sell under exchange traded or over-the-counter option contracts. In the case of option contracts giving the reporting bank the right to either purchase or sell a currency futures contract, report the par amount of the foreign currency underlying the futures contract.
2e	<b><u>Foreign Exchange Options – Written:</u></b> Report in the appropriate columns the notional or par amount the reporting bank has for compensation (such as any fee or premium received), obligated itself to either purchase or sell under either exchange traded or over-the-counter option contracts. A written currency option contract obligates the option writer to buy or sell a currency at a specified exchange rate if the purchaser exercises the contract.
3	<b><u>Interest Rate Contracts:</u></b> Report in the appropriate subitems and columns, the notional principal or par value of all interest rate contracts outstanding as of the reporting date. Interest rate contracts are contracts related to an interest bearing financial instrument or whose cash flows are determined by referencing interest rates or another interest rate contract

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(e.g., an option on a futures contract to purchase a bond). These contracts are generally used to adjust the bank's interest rate exposure. Interest rate contracts include interest rate futures, forward rate agreements, interest rate swaps, and interest rate options including caps, floors, and collars. Report amounts in afghani or afghani equivalent.

Exclude contracts involving the exchange of one or more foreign currencies (e.g., cross-currency swaps) and other contracts whose predominant risk characteristic is foreign exchange risk. Report all such contracts in the reafghanint subcategories in Section I, item 2, *All Other Foreign Exchange Contracts*.

- 3a**      **Interest Rate Futures Contracts:** Report in the appropriate columns the aggregate notional or par value of interest rate futures contracts outstanding as of the reporting date that commit the reporting bank to purchase or sell financial instruments, and whose predominant risk characteristic is interest rate risk. Interest rate futures contracts trade on organized exchanges that act as the counterparty to each contract.
- 3b**      **Interest Rate Forward Contracts:** Report in the appropriate columns the aggregate notional or par value of interest rate forward contracts outstanding as of the reporting date that commit the reporting bank to purchase or sell financial instruments, and whose predominant risk characteristic is interest rate risk. Interest rate forward contracts do not trade on organized exchanges and their contractual terms are not standardized.
- 3c**      **Interest Rate Swap Contracts:** Report in the appropriate columns the notional principal or par amount of all interest rate and basis swaps outstanding as of the reporting date whose predominant risk characteristic is interest rate risk. Swaps are transactions in which two parties agree to exchange payment streams based on a specified notional amount for a specified period. The notional amount of an interest rate swap is the underlying principal amount upon which the exchange of interest is based.
- 3d**      **Interest Rate Options – Purchased:** Report in the appropriate columns the aggregate notional or par value of financial instruments the reporting bank has, for a fee, purchased the right (but not the obligation) to either buy or sell under interest rate option contracts that are outstanding as of the reporting date. Purchased interest rate options include the right (but not the obligation) to buy or sell interest-bearing financial instruments whose predominant risk characteristic is interest rate risk. Interest rate

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options that should also be reported in this item include the notional principal amount of interest rate caps, floors, and collars. For interest rate caps and floors, report the notional principal amount that the reporting bank purchases. For interest rate collars, report a notional amount for the purchased portion of the contract under the relevant columns. Report all other interest rate option contracts that contain both a purchased and a written portion in the appropriate subitems, 3d and 3e of this schedule.

- 3e**      **Interest Rate Options – Written:** Report in the appropriate columns the aggregate notional or par value of financial instruments outstanding as of the reporting date the reporting bank has for compensation (such as a fee or premium received) obligated itself to either purchase or sell at the option of the counterparty of the contract. Interest rate options include options granted to buy or sell interest bearing financial instruments whose predominant risk characteristic is interest rate risk. Also include in this item the notional principal amount of interest rate contracts such as caps, floors and collars. For interest rate caps and floors, report the notional principal amount of the option the reporting bank sells. For interest rate collars, report the notional amount for the written (sold) portion of the contract under the relevant columns. Report all other interest rate option contracts that contain both a purchased and a written portion in the appropriate subitems, 3d and 3e of this schedule.

- 4**      **Equity, Commodity, and Other Derivative Contracts:** Report in the appropriate subitems and columns, the notional principal or par value of all equity, commodity, and other derivative contracts outstanding as of the reporting date. Equity derivative contracts are contracts whose return, or a portion of a return, is linked to the price of a particular equity or to an index of equity prices. The contract amount to be reported for equity derivative contracts is the quantity (number of units), of the equity instrument or equity index contracted to purchase or sell multiplied by the contract price of a unit. Commodity contracts are contracts that have a return, or a portion of their return, linked to the price of or to an index of precious metals, petroleum, lumber, agricultural products, etc. Commodity and other contracts also include any other contracts that are not reportable as foreign exchange or interest rate contracts in Section I, items 1 through 3 of this schedule.

The contract amount to be reported for commodity and other contracts is the quantity or number of units of the commodity or product contracted for purchase or sale, multiplied by the contract price of a unit. The notional amount to be reported for commodity contracts with multiple exchanges of principal is the contractual amount multiplied by the

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4a	number of remaining payments (exchanges of principal) in the contract. <b><u>Equity, Commodity, and Other Derivative Futures Contracts:</u></b> Report in the appropriate columns the contract amount of all futures contracts outstanding as of the reporting date that commit the reporting bank to purchase or sell equity securities, instruments based on equity indexes, commodities such as agricultural products, precious metals, and any other futures contract that is not reportable in Section I, <i>Notional/Par Amounts</i> , items 2a and 3a above. Futures contracts are standardized and trade on organized exchanges that act as the counterparty to each contract.
4b	<b><u>Equity, Commodity, and Other Derivative Forward Contracts:</u></b> Report in the appropriate columns the aggregate notional or par value of equity, commodity, and other derivative forward contracts outstanding as of the reporting date which commit the reporting bank to purchase or sell equity instruments, commodities such as agricultural products, precious metals, and any other forward contract that is not reportable in Section I, <i>Notional/Par Amounts</i> , items 2b and 3b above. Forward contracts are not traded on organized exchanges and their contractual terms are not standardized.
4c	<b><u>Equity, Commodity, and Other Derivative Swap Contracts:</u></b> Report in the appropriate columns, the notional principal or par amount of all outstanding equity swaps, equity index swaps, and all other swap agreements not reportable in Section I, <i>Notional/Par Amounts</i> , items 2c and 3c above.
4d	<b><u>Equity, Commodity, and Other Derivative Options-Purchased:</u></b> Report in the appropriate columns the aggregate contract amount of those option contracts outstanding as of the reporting date that the reporting bank has, for a fee or premium, purchased the right to buy or sell an equity instrument, equity index, a commodity or product. Include any other purchased options that are not reportable in Section I, <i>Notional/Par Amounts</i> , items 2d and 3d above.
4e	<b><u>Equity, Commodity, and Other Derivative Options-Written:</u></b> Report in the appropriate columns the aggregate contract amount of option contracts outstanding as of the reporting date, where the reporting bank has obligated itself, for compensation (fee or premium received) to purchase or sell an equity instrument, equity index, commodity or other product. Include any other written options that are not reportable in Section I, <i>Notional/Par Amounts</i> , items 2e and 3e above.

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- 5**      **Totals:** Report in the appropriate column, the total notional amount or par value of derivative contracts reported in the sub-items of lines 1 through 4 above. The amounts reported in item 5, column A must equal the sum of items 2, 3 and 4, column A. The amount reported in item 5, column B must equal the sum of items 2, 3 and 4, column B. The amount reported in item 5 column C, must equal the sum of items 1, 2, 3 and 4, column C. The amount reported in item 5 column D, must equal the sum of items 1, 2, 3 and 4 column D.
- 5a**      **Memo: Embedded Derivatives:** Report the total notional or par amount of embedded derivative contracts included in items 1 through 4 above. These are derivatives that are a component of a combined (hybrid) financial instrument that includes both the derivative and host contract. An embedded derivative causes some or all of the cash flows that otherwise would be required by the host contract to be modified based on specified interest rate, security price, foreign exchange rate, index of prices or rates or other variable.
- See the Glossary, *Derivatives*, for specific examples of embedded derivatives and their treatment for purposes of this report.
- 5b**      **Memo: Exchange Traded Derivatives:** Report the total notional or par amount of derivatives contracts included in items 1, 2, 3 or 4 above which trade on an organized exchange.

**Section II: Fair Value of Derivatives**

Report in the appropriate column and subitems below, the fair value of all derivative contracts reported in Section I, *Notional/Par Amounts*, items 2, 3 and 4 above. Report separately the gross positive and gross negative fair values for Derivatives Held for Trading (column A) and Hedging Derivatives (column B). Do not net positive and negative values in this item.

For purposes of this section, fair value is typically the amount at which an asset or liability can be bought or sold in a current transaction between unrelated parties other than in a forced or liquidation sale. Quoted market prices on organized exchanges are generally the best evidence of fair value and should be used as the basis for measurement, if available. If a quoted market price is available, the fair value is the product of the number of units times that market price. If a quoted market price is not available, the estimate of fair value should be based on the best information available in the circumstances.

The fair value of derivative contracts is typically only a small percentage of the underlying notional/par values reported under Section I of this schedule. The fair value of a derivative contract at inception is typically zero. That is, willing parties involved in an arms length transaction, engage in derivative transactions at current market rates - thus, there is no gain or loss to either party involved in the transaction at inception. Subsequent to the initial booking, fair value of derivative contracts can become positive or negative based on revaluation to prevailing market conditions. Gross positive fair value is the gain (income) that could be realized if the reporting bank closed out all of its outstanding derivative contracts that have gains as of the reporting date. Gross negative fair value is the loss (expense) that would be incurred if the reporting bank closed out all of its outstanding derivative contracts that are in loss positions as of the reporting date.

**Specific reporting requirements for option contracts applicable to this section:** For banks that hold purchased options (foreign exchange, interest rate, equity, commodity or other purchased options), report only gross positive fair values in the appropriate subitems and columns below. For banks that have written options (whether foreign exchange, interest rate, equity, commodity or other written options), report only the gross negative fair values in the appropriate subitems and columns below.

<b><u>Item No.</u></b>	<b><u>Caption and Instructions</u></b>
<b>1</b>	<b><u>Foreign Exchange Contracts:</u></b> Report in the appropriate column and subitems below the gross positive and gross negative fair values of foreign exchange contracts reportable as <i>All Other Foreign Exchange Contracts</i> in Section I, items 2a through 2e of this schedule. <u>Exclude</u> the gross positive and/or negative fair values of <i>Spot Foreign Exchange Contracts</i> reportable in Section I, item 1 of this schedule.
<b>1a</b>	<b><u>Gross Positive Fair Value:</u></b> Report the gross positive fair value of all non-spot foreign exchange contracts. In column A, report the gross positive fair value of foreign exchange contracts held for trading. In column B, report the gross positive fair value of foreign exchange hedging contracts.
<b>1b</b>	<b><u>Gross Negative Fair Value:</u></b> Report the gross negative fair value of all non-spot foreign exchange contracts. In column A, report the gross negative fair value of foreign exchange contracts held for trading. In column B, report the gross negative fair value of foreign exchange hedging contracts.
<b>2</b>	<b><u>Interest Rate Contracts:</u></b> Report in the appropriate column and subitems below the gross positive and gross negative fair values of <i>Interest Rate Contracts</i> reportable in Section I, item 3a through 3e of this schedule.

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<b><u>Item No.</u></b>	<b><u>Caption and Instructions</u></b>
2a	<b><u>Gross Positive Fair Value:</u></b> Report the gross positive fair value of all interest rate contracts. In column A, report the gross positive fair value of interest rate contracts that are held for trading. In column B, report the gross positive fair value of interest rate hedging contracts.
2b	<b><u>Gross Negative Fair Value:</u></b> Report the gross negative fair value of all interest rate contracts. In column A, report the gross negative fair value of interest rate contracts that are held for trading. In column B, report the gross negative fair value of interest rate hedging contracts.
3	<b><u>Equity, Commodity, and Other Derivative Contracts:</u></b> Report in the appropriate column and subitems below the gross positive and gross negative fair values of <i>Equity, Commodity, and Other Derivative Contracts</i> reportable in Section I, items 4a through 4e of this schedule.
3a	<b><u>Gross Positive Fair Value:</u></b> Report the gross positive fair value of all equity, commodity and other derivative contracts. In column A, report the gross positive fair value of all equity, commodity and other derivative contracts held for trading. In column B, report the gross positive fair value of all hedging equity, commodity and other derivative contracts.
3b	<b><u>Gross Negative Fair Value:</u></b> Report the gross negative fair value of all equity, commodity and other derivative contracts. In column A, report the gross negative fair value of all equity, commodity and other derivative contracts that are held for trading. In column B, report the gross negative fair value of all hedging equity, commodity and derivative contracts.
4	<b><u>Memo: Embedded Derivatives:</u></b> Report in the appropriate column the gross positive and negative fair value of <i>Embedded Derivatives</i> reportable in Section I, item 5a of this schedule.
4a	<b><u>Gross Positive Fair Value:</u></b> Report in column A the gross positive fair value of all embedded derivative contracts.
4b	<b><u>Gross Negative Fair Value:</u></b> Report in column A the gross negative fair value of all embedded derivative contracts.
5	<b><u>Memo: Exchange Traded Derivatives:</u></b> Report in the appropriate column the gross positive and negative fair value of all derivatives contracts reportable in Section I, item 5b of this schedule.

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- 5a**      **Gross Positive Fair Value:** Report the gross positive fair value of all derivatives contracts included in the sub-items of lines 1, 2 and 3 above which trade on an organized exchange. In column A, report the gross positive fair value of exchange traded derivatives held for trading. In column B, report the gross positive fair value of exchange traded derivatives that are designated and qualify as hedges.
- 5b**      **Gross Negative Fair Value:** Report the gross negative fair value of all derivatives contracts included in the sub-items of lines 1, 2 and 3 above which trade on an organized exchange. In column A, report the gross negative fair value of exchange traded derivatives held for trading. In column B, report the gross negative fair value of exchange traded derivatives that are designated and qualify as hedges.

**Section III: Credit Substitutes and Other Off-balance Sheet Commitments**

Report in the appropriate subitems below the balance of any irrevocable commitments by the bank to extend credit, and all other contingent liabilities. Report all amounts on a gross basis before deduction of any specific or other reserves.

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- 1**      **Unused Commitments:** Report the unused portion of commitments to make or purchase extensions of credit in the form of loans, participations in loans, or other similar transactions. Report the unused portions of any commitments for which the bank has charged a commitment fee or other consideration, or otherwise has a legally binding commitment. Such commitments should be reported regardless of whether they contain “material adverse change” clauses or other provisions that are intended to relieve the issuer of its funding obligation under certain conditions. Include all undisbursed portions of credit card lines and overdraft protection facilities.

Exclude commitments that meet the definition of a derivative that are reported in Sections I and II above.

- 2**      **Commercial Letters of Credit:** Report the total amount outstanding and unused issued or confirmed commercial letters of credit as of the reporting date. Also report in this item any legally binding commitments to issue such letters of credit. A commercial letter of credit is a document issued by a bank on behalf of a customer (the account party) authorizing

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	<p>a third party beneficiary to draw drafts on the bank up to a stipulated amount and within specified terms and conditions. Do not report standby letters of credit in this item. These are reported in Section III, item 3, <i>Standby Letters of Credit</i>.</p> <p>Letters of credit issued for money should not be reported in this line item. These are reported in Balance Sheet item 14a, <i>Demand Deposits by NFIs and Other Clients</i>.</p>
<b>3</b>	<p><b><u>Standby Letters of Credit:</u></b> Report in the appropriate subitems below the total amount of financial and performance standby letters of credit outstanding and unused as of the reporting date. Do not report commercial letters of credit under this item. Report commercial letters of credit under item 2, <i>Commercial Letters of Credit</i>.</p>
<b>3a</b>	<p><b><u>Financial Standby Letters of Credit:</u></b> Report the total amount of financial standby letters of credit outstanding and unused as of the reporting date, including any legally binding commitments to issue financial standby letters of credit. A financial standby letter of credit irrevocably obligates the bank to pay a third party beneficiary when a customer (the account party) fails to repay an outstanding loan or debt instrument.</p>
<b>3b</b>	<p><b><u>Performance Standby Letter of Credit:</u></b> Report the total amount of all outstanding and unused performance standby letters of credit as of the reporting date, including any legally binding commitments to issue performance standby letters of credit. A performance standby letter of credit irrevocably obligates the bank to pay a third party beneficiary when a customer (the account party) fails to perform some contractual non-financial obligation.</p>
<b>4</b>	<p><b><u>Assets Sold with Recourse:</u></b> Report the total amount of recourse exposure on assets sold to third parties that are treated as a sale. The amount reported in this item is the maximum contractual exposure remaining as of the report date under the recourse provision under which the assets have been transferred to third parties. For example, for assets transferred with limited recourse or risk retention, the amount of recourse reportable exposure is the maximum amount of principal the transferring bank would be obligated to pay the holder of the assets in the event the entire outstanding principal balance of the assets transferred becomes uncollectible.</p>

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5	<b><u>Other Guarantees and Credit Substitutes:</u></b> Report the total amount of all other irrevocable outstanding guarantees and credit substitutes not reported in items 1 through 4 above.
6	<b><u>All Other Off-balance Sheet Liabilities:</u></b> Report all other types of off-balance sheet liabilities not covered under items 1 through 5 above, including any contingent liabilities. <u>Exclude</u> memoranda accounts.

See the Glossary, *Contingent Liabilities* for further discussion.

The total amount of items 1 through 6 above is also calculated and reported monthly on the Balance Sheet in item 25, *Memo: Credit Substitutes and Other Off-Balance Sheet Commitments*.