

**SCHEDULE I  
(Form 1120-F)**

**Interest Expense Allocation Under Regulations  
Section 1.882-5**

OMB No. 1545-0126

**2011**

Department of the Treasury  
Internal Revenue Service

▶ Attach to Form 1120-F.  
▶ See separate instructions.

Name of corporation

Employer identification number

- A** Check here if the corporation is a foreign bank as defined in Regulations section 1.882-5(c)(4)
- B** This Schedule I is being completed with respect to (check one):
- Adjusted U.S. booked liabilities method under Regs. sec. 1.882-5(d). **Complete lines 1 through 15 and 21 through 25.**
- Separate currency pools method under Regs. sec. 1.882-5(e). **Complete lines 1 through 9 and 16a through 25.**

**Step 1 Average U.S. Assets for the Tax Year: Regulations Section 1.882-5(b)**

|  | (a)<br>Set(s) of Books that<br>Give Rise to U.S.<br>Booked Liabilities<br>(see inst.) | (b)<br>Partnership<br>Interests | (c)<br>Set(s) of Books<br>Other than those<br>Described in<br>Columns (a) and (b) | (d)<br><b>Totals.</b> Add<br>columns (a)<br>through (c) |
|--|---|---------------------------------|---|---|
| <b>1</b> Specify the method used to determine the value of the corporation's U.S. assets on lines 2 through 5 below (check one): |   |                                 |   |   |
| <input type="checkbox"/> Adjusted basis method: Regs. sec. 1.882-5(b)(2)(i)  |   |                                 |   |   |
| <input type="checkbox"/> Fair market value method: Regs. sec. 1.882-5(b)(2)(ii)  |   |                                 |   |   |
| <b>2</b> Total assets per books  |   |                                 |   |   |
| <b>3a</b> Total interbranch assets   |   |                                 |   |   |
| <b>b</b> Total non-ECI assets under section 864(c)(4)(D)   |   |                                 |   |   |
| <b>c</b> Total other non-ECI assets (attach schedule-see instructions)   |   |                                 |   |   |
| <b>d</b> Adjustments for amounts from partnerships and certain disregarded entities included on line 2, column (a)               |   |                                 |   |   |
| <b>e</b> Adjustments for assets that give rise to direct interest expense allocations under Regs. sec. 1.882-5(a)(1)(ii)         |   |                                 |   |   |
| <b>f</b> Other adjustments to average assets included in line 2 (e.g., mark-to-market differences)                               |   |                                 |   |   |
| <b>4</b> Combine lines 3a through 3f   |   |                                 |   |   |
| <b>5</b> Total value of U.S. assets for the tax year   |   |                                 |   |   |
| <b>Column (a):</b> Subtract line 4 from line 2.  |   |                                 |   |   |
| <b>Column (b):</b> Enter total from Schedule P, line 19.   |   |                                 |   |   |
| <b>Column (c):</b> See instructions for amount to enter.   |   |                                 |   |   |

**Step 2 U.S.-Connected Liabilities for the Tax Year: Regulations Section 1.882-5(c)**

|  |  |  |   |
|--|--|--|---|
| <b>6</b> Specify the method used to determine the amounts in Step 2 (check one):   |  |  |   |
| <input type="checkbox"/> Actual ratio under Regs. sec. 1.882-5(c)(2). <b>Complete lines 6a through 6c below.</b>   |  |  |   |
| <input type="checkbox"/> Fixed ratio under Regs. sec. 1.882-5(c)(4). <b>Complete line 6d below.</b>  |  |  |   |
| <b>a</b> Average worldwide liabilities   |  |  |   |
| <b>b</b> Average worldwide assets  |  |  |   |
| <b>c</b> Divide line 6a by line 6b   |  |  | % |
| <b>d</b> Fixed ratio under Regs. sec. 1.882-5(c)(4). If the corporation is a foreign bank as defined in Regs. sec. 1.882-5(c)(4), enter 95% on line 6d. If the corporation is not a foreign bank or an insurance company, enter 50% on line 6d |  |  | % |
| <b>e</b> Enter the ratio from line 6c or 6d, as applicable   |  |  | % |
| <b>7a</b> U.S.-connected liabilities before Regs. sec. 1.884-1(e)(3) election(s). Multiply line 5, column (d) by line 6e   |  |  |   |
| <b>b</b> Total amount of U.S. liability reduction under Regs. sec. 1.884-1(e)(3) election(s)   |  |  |   |
| <b>c U.S.-Connected Liabilities.</b> Subtract line 7b from line 7a <span style="float: right;">▶</span>  |  |  |   |

**Step 3 Interest Expense Paid or Accrued on Average U.S. Booked Liabilities: Regulations Section 1.882-5(d)**

|   | (a)<br>Set(s) of Books that Give<br>Rise to U.S. Booked<br>Liabilities (see inst.) | (b)<br>Partnership<br>Interests | (c)<br><b>Totals.</b><br>Add columns<br>(a) and (b) |
|---|--|---------------------------------|---|
| <b>8</b> Total average amount of U.S. booked liabilities as defined in Regs. sec. 1.882-5(d)(2) (see instructions)  |  |                                 |   |
| <b>Column (a):</b> Do not include amounts that give rise to directly allocable interest under Regs. sec. 1.882-5(a)(1)(ii) or from partnerships includible in column (b). |  |                                 |   |
| <b>Column (b):</b> Enter the total from Schedule P, line 17.  |  |                                 |   |
| <b>9</b> Total interest paid or accrued during the tax year on line 8 amount  |  |                                 |   |
| <b>Column (a):</b> Do not include amounts that give rise to directly allocable interest under Regs. sec. 1.882-5(a)(1)(ii) or from partnerships includible in column (b). |  |                                 |   |
| <b>Column (b):</b> Enter the total from Schedule P, line 14c.   |  |                                 |   |

**Step 3 (cont.) Adjusted U.S. Booked Liabilities Method: Regulations Section 1.882-5(d)**

If line 7c is greater than line 8, column (c), complete lines 10 through 13 below and skip lines 14a and 14b.

If line 7c is less than or equal to line 8, column (c), skip lines 10 through 13 and complete lines 14a and 14b.

|            |   |            |  |  |   |   |  |
|------------|---|------------|--|--|---|---|--|
| <b>10</b>  | If the corporation is a foreign bank which is making a current-year election to use the published average 30-day LIBOR (see instructions), check the box on this line, skip lines 10a through 10c, and enter the rate on line 10d |            |  |  |   |   |  |
| <b>a</b>   | Total interest paid or accrued during the tax year on U.S. dollar liabilities that are <b>not</b> U.S. booked liabilities included on line 8  | <b>10a</b> |  |  |   |   |  |
| <b>b</b>   | Average U.S. dollar denominated liabilities that are <b>not</b> U.S. booked liabilities included on line 8  | <b>10b</b> |  |  |   |   |  |
| <b>c</b>   | Divide line 10a by line 10b   | <b>10c</b> |  |  | % |   |  |
| <b>d</b>   | Enter the 30-day LIBOR, if elected under Regs. sec. 1.882-5(d)(5)(ii)(B)  | <b>10d</b> |  |  | % |   |  |
| <b>e</b>   | Enter the rate from line 10c or, if elected, the 30-day LIBOR on line 10d   | <b>10e</b> |  |  |   | % |  |
| <b>11</b>  | <b>Excess U.S.-connected liabilities.</b> Subtract line 8, column (c), from line 7c   | <b>11</b>  |  |  |   |   |  |
| <b>12</b>  | <b>Excess interest.</b> Multiply line 10e by line 11  | <b>12</b>  |  |  |   |   |  |
| <b>13</b>  | Add lines 9, column (c) and 12  | <b>13</b>  |  |  |   |   |  |
| <b>14a</b> | <b>Scaling ratio.</b> Divide line 7c by line 8, column (c)  | <b>14a</b> |  |  |   | % |  |
| <b>b</b>   | Multiply line 9, column (c) by line 14a. See instructions for hedging amounts   | <b>14b</b> |  |  |   |   |  |
| <b>15</b>  | <b>Interest expense allocable to ECI under the adjusted U.S. booked liabilities method.</b> Enter the result from line 13 or line 14b here and on line 21   | <b>15</b>  |  |  |   |   |  |

**Step 3 (cont.) Separate Currency Pools Method: Regulations Section 1.882-5(e)**

|            | (a)<br>U.S. Dollar<br>Denominated  | (b)<br>Home Country<br>Currency. Specify: | (c)<br>Other Currency.<br>Specify: | (d)<br>Other Currency.<br>Specify: |
|------------|--|---|------------------------------------|------------------------------------|
| <b>16a</b> | <b>U.S. assets.</b> Enter the corporation's U.S. assets, using the methodology in Regs. sec. 1.882-5(e)(1)(i). If more columns are needed, attach schedule (see instructions)  |   |                                    |                                    |
| <b>b</b>   | Check here if a less than 3% currency election was made  |   |                                    |                                    |
| <b>17a</b> | Enter the percentage from line 6e  | %   | %                                  | %                                  |
| <b>b</b>   | <b>U.S.-connected liabilities.</b> Multiply line 16a by line 17a, or, if a liability reduction election is made, see instructions  |   |                                    |                                    |
| <b>18a</b> | Enter the total interest expense paid or accrued for the tax year with respect to the foreign corporation's worldwide liabilities denominated in that foreign currency (enter in functional currency)                          |   |                                    |                                    |
| <b>b</b>   | Enter the corporation's average worldwide liabilities (whether interest bearing or not) denominated in that foreign currency (enter in functional currency)  |   |                                    |                                    |
| <b>c</b>   | <b>Borrowing rate:</b> Divide line 18a by line 18b   | %   | %                                  | %                                  |
| <b>19</b>  | <b>Interest expense allocation by separate currency pool.</b> Multiply line 17b by line 18c  |   |                                    |                                    |
| <b>20</b>  | <b>Interest expense allocable to ECI under the separate currency pools method.</b> Total the amounts on line 19, columns (a) through (d), and amounts from attached schedule, if any, and enter the result here and on line 21 |   |                                    |                                    |

**SUMMARY—Interest Expense Allocation and Deduction under Regulations Section 1.882-5**

|            |  |            |   |  |   |  |
|------------|--|------------|---|--|---|--|
| <b>21</b>  | Amount from line 15 or line 20, as applicable  | <b>21</b>  |   |  |   |  |
| <b>22</b>  | Enter the corporation's interest expense directly allocable under Regs. sec. 1.882-5(a)(1)(ii). (Include total from Schedule P, line 14b.)   | <b>22</b>  |   |  |   |  |
| <b>23</b>  | <b>Interest expense allocable to ECI under Regs. sec. 1.882-5.</b> Add lines 21 and 22   | <b>23</b>  |   |  |   |  |
| <b>24a</b> | Amount of line 23 that is disallowed as a deduction under section 265 or under an income tax treaty (attach schedule—see instructions)   | <b>24a</b> | ( |  | ) |  |
| <b>b</b>   | Deferred interest expense under section 163(e)(3), 163(j), 267(a)(3), etc. (attach schedule—see instructions)  | <b>24b</b> |   |  |   |  |
| <b>c</b>   | Amount of line 23 that is capitalized under section 263A (attach schedule—see instructions)  | <b>24c</b> | ( |  | ) |  |
| <b>d</b>   | Combine lines 24a through 24c  | <b>24d</b> |   |  |   |  |
| <b>25</b>  | <b>Total interest expense deduction under Regs. sec. 1.882-5.</b> Combine lines 23 and 24d and enter here and on Form 1120F, Section II, line 18. The amount entered on line 25 may not exceed the total interest expense paid or accrued by the foreign corporation | <b>25</b>  |   |  |   |  |