

Supporting Statement
OMB Control Number 1557-0099
(MA) - Foreign Branch Report of Condition

This submission involves a request for extension, with revision, of the Foreign Branch Report of Condition, FFIEC 030 and the addition of the FFIEC 030S.

A. Justification.

1. Circumstances that make the collection necessary:

The Foreign Branch Report of Condition (FFIEC 030) is required by statute. Under 12 U.S.C. 602, every national banking association operating a foreign branch must file this report. The agencies need this information to monitor U.S. bank activity at overseas locations and funds flow worldwide. The agencies also need this information for planning foreign branch examinations.

2. Use of the information:

The Foreign Branch Report of Condition is the only report with balance sheet and contingent liability data collected by the agencies from foreign branches. The data collected are used by the agencies to monitor banking activity at overseas locations. On an aggregate basis, the agencies make considerable use of the data in monitoring U.S. bank activity in the Eurocurrency markets and in tracking funds flow worldwide. Aggregate data are also made available to the public. Data on specific branches or branches within a specific country or region are used in planning examinations.

FFIEC 030 revisions will take effect as of the December 31, 2006 report date. The revisions to the reporting form and instructions are described below in detail.

The agencies will eliminate five reporting items for branches with total assets in excess of \$250 million because the aggregate amounts reported in these items have declined substantially to a nominal amount. The five items being eliminated are:

- Asset item 6.d, "Loans to foreign governments and official institutions." Amounts will be included in current item 6.e, "Loans and lease financing receivables: To all others."
- Asset item 7, "Customers' liability to this bank on acceptances outstanding." Amounts will be included in current item 13, "Other assets."
- Asset item 9, "Accrued interest receivable." Amounts will be included in current item 13, "Other assets."
- Liability item 19, "Bank's liability on acceptances executed and outstanding." Amounts will be included in current item 24, "Other liabilities."
- Liability item 20, "Accrued taxes and other expenses." Amounts will be included in current item 24, "Other liabilities."

The agencies are creating an abbreviated or “short” report (FFIEC 030S) containing five items that branches with total assets between \$50 million and \$250 million will file on an annual basis in lieu of the FFIEC 030 form. The scope of the FFIEC 030S is comparable to a report filed with the Federal Reserve by U.S. banking organizations for their foreign subsidiaries. The items for this report are considered the minimum information needed to serve as indicators of higher business volume, risk, and complexity in small-sized foreign branches. The reported information will also be used to monitor potential developments that may pose risks to the overall operations of the parent bank.

The items for the FFIEC 030S are:

- Gross due from related institutions (a combination of current FFIEC 030 asset items 11 and 12)
- Total assets (current FFIEC 030 asset item 14)
- Gross due to related institutions (combination of current FFIEC 030 liability items 22 and 23)
- Total gross notional amount of derivative contracts (combination of current FFIEC 030 derivative items 26, 27, 28, and 31)
- Commercial and similar letters of credit, standby letters of credit, and foreign office guarantees (combination of current FFIEC 030 off-balance sheet items 29 and 30)

The agencies will exempt foreign branches with total assets below \$50 million from both the FFIEC 030 and FFIEC 030S annual filing requirements.

3. Consideration of the use of improved information technology:

U.S. banks are required by 12 U.S.C. 604 to maintain an independent set of accounts for each foreign branch. Since most banks have a computerized general ledger system and only large banks operate foreign branches, most reporting banks use sophisticated technology. This minimizes their reporting burden. The OCC supports banks’ use of improved information technology and will consider any further improvements proposed by any national bank.

4. Efforts to identify duplication:

The report has been approved by the Federal Financial Institutions Examination Council (FFIEC) and there is no other report that provides duplicate information.

5. Methods used to minimize burden if the collection has a significant impact on substantial number of small entities:

Not applicable. This collection does not involve small businesses or other small entities.

6. Consequences to the Federal program if the collection were conducted less frequently:

If this collection were conducted less frequently than the present annual collection, the agencies would have insufficient information regarding U.S. bank activity in the Eurocurrency markets and at specific foreign locations on which to base informed policy decisions, reports to Congress, and foreign branch examinations. Quarterly reporting by the largest foreign branches permits OCC to monitor foreign currency markets in a timely manner while minimizing burden on the respondents as a whole.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:

Not applicable. This collection is conducted in accordance with the guidelines in 5 CFR 1320.6.

8. Efforts to consult with persons outside the agency:

On July 14, 2006, the OCC, the Board, and the FDIC published a notice soliciting comment for 60 days on the proposed extension, with revision, of the FFIEC 030 (71 FR 40119). The agencies received no comments.

9. Payment to respondents.

Not applicable. There is no payment to respondents.

10. Any assurance of confidentiality:

Not applicable. No assurance of confidentiality is made.

11. Justification for questions of a sensitive nature:

Not applicable. No questions of a sensitive nature are asked.

12. Burden estimate:

Estimated Number of Respondents: 118 annual branch respondents (FFIEC 030); 73 quarterly branch respondents (FFIEC 030); 200 annual branch respondents (FFIEC 030S).

Estimated Average Time Per Response: 3.4 burden hours (FFIEC 030); 0.5 burden hours (FFIEC 030S).

118 respondents x 1 response = 118 responses x 3.4 hours = 401.2 hours

73 respondents x 4 responses = 292 responses x 3.4 hours = 992.8 hours

200 respondents x 1 response = 200 responses x 0.5 = 100 hours

Estimated Total Annual Burden: 1,494 hours.

The OCC estimates the cost of the hour burden to respondents as follows:

Clerical:	30% x 1,494 hours = 448.2 hours @ \$20	=	\$ 8,964
Managerial/Technical:	65% x 1,494 hours = 971.1 hours @ \$40	=	\$38,844
Senior Mgmt/Professional:	05% x 1,494 hours = 74.4 hours @ \$80	=	<u>\$ 5,976</u>
Total:			\$53,784

13. Estimate of annualized costs to respondents:

None.

14. Estimate of annualized costs to the government:

None.

15. Changes in burden:

Former burden:

159 respondents; 300 responses; 1,110 burden hours

New burden:

391 respondents; 610 responses; 1,494 burden hours

Difference:

+ 232 respondents; + 310 responses; + 384 burden hours (program change)

16. Information regarding collections whose results are planned to be published for statistical use:

The OCC has no plans to publish the information for statistical use.

17. Display of expiration date.

Not applicable.

18. Exceptions to certification statement.

None.

B. Collections of Information Employing Statistical Methods.

Not applicable.