

SUPPORTING STATEMENT
FOREIGN BRANCH REPORT OF CONDITION
(FFIEC 030/030S)
OMB No. 3064-0011

INTRODUCTION

The FDIC is requesting Office of Management and Budget (OMB) approval for a three-year extension, with revisions, of this collection of information. In summary, the FDIC, jointly with the Federal Reserve Board and the Office of the Comptroller of the Currency (OCC), is proposing to extend the validity of the Foreign Branch Report of Condition information collection which expires on December 31, 2024.

The Foreign Branch Report of Condition, form FFIEC 030, contains asset and liability information along with data on certain derivatives and off-balance sheet items for foreign branches of U.S. banks. The report is filed quarterly by foreign branches that have either \$2 billion or more in total assets or \$5 billion or more in commitments to purchase and sell foreign currencies and annually by other foreign branches with total assets in excess of \$250 million. An Abbreviated Foreign Branch Report of Condition, form FFIEC 030S, which contains only five items, is filed annually by branches with total assets of between \$50 million and \$250 million (in lieu of filing the entire FFIEC 030 form). Foreign branches with less than \$50 million in total assets are not required to report. The proposed revisions would incorporate line items from the FR 2502q, Quarterly Report of Assets and Liabilities of Large Foreign Offices of U.S. Banks (OMB Control No. 7100-0079) into the FFIEC 030. There are no proposed revisions to the FFIEC 030S.

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

Section 18(d)(2) of the Federal Deposit Insurance Act requires the FDIC's prior approval for the establishment and operation of foreign branches by insured state nonmember banks and state-chartered savings associations¹ "upon such conditions and pursuant to such regulations as the Corporation may prescribe." Section 347.116 of the FDIC's regulations requires these banks to "make and submit such reports and information as may be necessary to implement and enforce the provisions of" Subpart A of Part 347 of the FDIC's regulations and to "submit an annual report of condition for each foreign branch pursuant to instructions provided by the FDIC."

¹ On July 21, 2011, supervisory responsibility for federal and state-chartered savings associations was transferred from the former Office of Thrift Supervision to the OCC and the FDIC, respectively, pursuant to Title III of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203. Accordingly, with the approval of OMB on December 28, 2012, after notice and comment pursuant to the Paperwork Reduction Act, the applicability of the Foreign Branch Report of Condition was extended to foreign branches of insured state-chartered savings associations beginning as of the December 31, 2012, report date.

2. Use of Information:

The FDIC uses the information collected on the Foreign Branch Report of Condition to monitor the level of activity and growth of these overseas banking offices with \$50 million or more in total assets. Additionally, the reported data are needed in order to identify branches that should be targeted for examination based on the nature and extent of their operations and to effectively plan the scope of individual branch examinations.

3. Consideration of the use of improved information technology:

The FDIC currently collects a Foreign Branch Report of Condition quarterly from one branch of an FDIC-supervised institution and annually from 8 branches. Eight foreign branches of FDIC-insured institutions are currently required to file the Abbreviated Foreign Branch Report of Condition annually. The Federal Reserve System (FRS) performs the collection and processing of both versions of the Foreign Branch Report of Condition on behalf of the three federal banking agencies. As a result, no special efforts have been undertaken by the FDIC to use improved information technology to reduce the burden associated with preparing and filing the Foreign Branch Report of Condition.

4. Efforts to Identify Duplication

There is no other report that provides asset, liability, and off-balance sheet data for individual foreign branches of U.S. banks. Foreign office dollar amounts for certain balance sheet categories can be derived from the Consolidated Reports of Condition and Income (Call Report) filed by banks with foreign offices on form FFIEC 031 (OMB No. 3064-0052); however, this information is reported on an aggregate basis for all foreign offices of the reporting bank. For Call Report purposes, the term “foreign offices” includes Edge and Agreement subsidiaries, other non-U.S. subsidiaries, and International Banking Facilities (IBFs) as well as the actual foreign branches of the parent bank. Hence, the separate dollar amounts for each branch location are not identifiable from the FFIEC 031. Foreign office dollar amounts for off-balance sheet items cannot be determined from the form FFIEC 031.

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

The collection does not involve small businesses or other small entities.

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

“Significant branches” (i.e., those with at least \$2 billion in total assets or with at least \$5 billion in commitments to purchase foreign currencies and U.S. dollar exchange) report quarterly. All other foreign branches with \$50 million or more in total assets report annually, either on the Foreign Branch Report of Condition if they have \$250 million or more in total assets or on the Abbreviated Foreign Branch Report of Condition otherwise. The dual reporting frequency approach for this collection has ensured that up-to-date information is more readily available from significant branches, i.e., those foreign branches that present the greatest potential risk. The reported information has also been used to monitor potential developments that may pose risks to the overall operations of the parent institution. Annual reporting by foreign branches other than “significant branches” is adequate for the FDIC to monitor the current condition of and any changes in the overseas activity of the institutions under its supervision. In this regard, the five items collected annually from branches with total assets of between \$50 million and \$250 million on the Abbreviated Foreign Branch Report of Condition are considered the minimum information needed to serve as indicators of higher business volume, risk, and complexity in small-sized foreign branches.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320.5(d)(2):

There are no special circumstances. This information collection is conducted in accordance with the guidelines in 5 CFR 1320.5(d)(2).

8. Efforts to consult with persons outside the agency:

On January 19, 2024, the FDIC, the Federal Reserve Board, and the OCC, jointly published an initial Paperwork Reduction Act Federal Register notice proposing to extend, with revision, the Foreign Branch Report of Condition and certain other reports (89 FR 3708). The comment period for the proposal ended on March 19, 2024.

The agencies proposed revisions to the FFIEC 030 that would incorporate line items from the FR 2502q. The agencies received a comment letter from one trade association and the Board and OCC received a second comment letter from another banking association. These comments were generally supportive of the proposed new line items. After reviewing the comments, the agencies are moving forward with the revisions to the FFIEC 030, as proposed. The specific comments, the agencies’ responses, and pertinent modifications follow.

First, one commenter urged the agencies to limit the scope of respondents subject to the proposed Schedule RAL-A to those that meet the current criteria to file the FR 2502q. The commenter stated that there are significant scoping differences between the FR

2502q and the FFIEC 030. The FR 2502q reporting is limited to branches with total assets of \$2 billion or more and that are located in the United Kingdom (U.K.) or the Caribbean. The FFIEC 030 quarterly reporting requirements, however, scope in any branch with either total assets of at least \$2 billion or commitments to purchase foreign currencies and U.S. dollar exchange (a purchase of U.S. dollar exchange is equivalent to a sale of foreign currency) of at least \$5 billion as of the end of a calendar quarter. The commenter stated that the FFIEC 030's reporting scope, without the geographic limitation to branches in the U.K. and the Caribbean, results in a much greater reporting burden on firms.

Furthermore, this commenter also stated that the proposed changes and increased granularity of the items reported would necessitate both the development of new systems, as well as modifications to existing ones. This reporting burden would be greatest on respondents that have newly scoped-in entities that would be reporting this information for the first time. In light of this, the commenter requested that, if the scope of respondents on the proposed FFIEC 030 Schedule RAL-A is not limited to those that currently meet the criteria to file the FR 2502q, branches would need at least four quarters from publication of the final forms and instructions to implement the revisions. However, if the scope were limited to branches that meet the current criteria to file the FR 2502q, branches would only need two additional quarters to implement the proposal.

The agencies acknowledge that branches may need additional time to develop their reporting systems to implement these changes. As such, the agencies will delay the implementation date based on the branch meeting the criteria to file the FR 2502q. For branches that meet the current criteria to file the FR 2502q, the effective date for these new items will be as of March 31, 2025.

For branches that do not meet the current criteria to file the FR 2502q, but files the FFIEC 030 on a quarterly basis, the effective date for these new items will be as of December 31, 2025. Also, effective as of December 31, 2025, all quarterly FFIEC 030 filers would be subject to reporting the proposed new items without geographic limitation to the U.K. or Caribbean. From March 31, 2025, through September 31, 2025, the FFIEC 030 instructions would include guidance stating the branches located in the U.K. or Caribbean, (that are not located in a U.S. military facility), and with total assets of at least \$2 billion, as of the end of a calendar quarter, must complete Schedule RAL-A. For the December 31, 2025, report the date, the instructions would be updated to include guidance stating branches required to report quarterly on the FFIEC 030 must complete Schedule RAL-A without any geographic limitation.

Second, the commenter also requested that the agencies clarify the reporting of Schedule RAL-A, line item 5 by adding an MDRM and noting in the instructions that this line item is not an aggregate total of its sub-line items, and that these values come from two different populations. The commenter also requested that the agencies clarify whether Schedule RAL-A, line item 6 is intended to extend to all liabilities or if respondents should report only deposit liabilities. In response, the agencies are revising the report form by adding an MDRM to line item 5 on Schedule RAL-A and also clarifying in the instructions that line item 5 on Schedule RAL-A is not an aggregate total of sub-line

items 5a through 5d. The agencies are also clarifying in the instructions of Scheduled RAL-A, line item 6, that it is intended to extend to all liabilities and not only to deposit liabilities.

9. Payment of Gift to Respondents

No payment or gift will be provided to respondents.

10. Any assurance of confidentiality:

Both versions of the Foreign Branch Report of Condition collected by the FRS on behalf of the FDIC are regarded as confidential as a matter of agency policy pursuant to 5 U.S.C. 552(b)(8) and respondents have been so advised. Should individual branch data be publicly released in the future, banks would be notified.

11. Justification for questions of a sensitive nature:

Both versions of the Foreign Branch Report of Condition contain no questions of a sensitive nature.

12. Estimate of hour burden including annualized hourly costs:

| Information Collection Description | Type of Burden | Estimated Number of Respondents | Estimated Number of Responses per Respondent | Estimated Time per Response (Hours) | Estimated Annual Burden (Hours) |
|---|----------------|---------------------------------|--|-------------------------------------|---------------------------------|
| Foreign Branch Report of Condition (FFIEC 030)(Quarterly) | Reporting | 1 | 4 | 2.98 | 11.92 |
| Foreign Branch Report of Condition (FFIEC 030S) | Reporting | 3 | 1 | 0.95 | 2.85 |
| Total Annual Burden | | | | | 14.77 |

13. Estimate of start-up costs to respondents:

None

14. Estimate of annualized costs to the government:

None.

15. Analysis of change in burden:

There is no change in the methodology or substance of this information collection. The change in total estimated annual burden is due to a change in the estimated number of respondents.

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

The information collected in the Foreign Branch Report of Condition and the Abbreviated Foreign Branch Report of Condition is not published or publicly disclosed on an individual branch basis. Aggregate data is published by the FRS in a form that does not reveal the amounts reported by individual branches.

17. Display of Expiration Date

Not applicable.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.