

SUPPORTING STATEMENT  
FOREIGN BRANCH REPORT OF CONDITION

INTRODUCTION

The FDIC is requesting OMB approval for a three-year extension, without revision, of this collection of information. The current clearance for the collection expires on November 30, 2009.

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.

A. JUSTIFICATION

1. Circumstances and Need

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 "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."

2. Use of Information Collected

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 is 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. Use of Technology to Reduce Burden

The FDIC currently collects a Foreign Branch Report of Condition quarterly from 3 branches of insured state nonmember banks and annually from 7 branches. Nine foreign branches of insured state nonmember banks are currently required to file quarterly

Abbreviated Foreign Branch Reports of Condition. 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. Minimizing the Burden on Small Banks

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

6. Consequences of Less Frequent Collection

“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 in excess of \$250 million 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 bank. 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 banks under our 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

There are no special circumstances.

8. Summary of Public Comments

On June 25, 2009, the FDIC, the Federal Reserve Board, and the Office of the Comptroller of the Currency jointly published an initial Paperwork Reduction Act Federal Register notice proposing to extend, without revision, the Foreign Branch Report of Condition (74 FR 30358). The agencies did not receive any comments on their initial notice.

9. Payment of Gift to Respondents

No payment or gift will be provided to respondents.

10. 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 and respondents have been so advised. Should individual branch data be publicly released in the future, banks would be notified.

11. Information of a Sensitive Nature

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

12. Estimate of Annual Burden

Number of annual respondents (FFIEC 030)	7
Number of annual respondents (FFIEC 030S)	9
Reports per annual respondent per year	1
Number of quarterly respondents (FFIEC 030)	3
Reports per quarterly respondents per year	4
Hours required to prepare report (FFIEC 030)	3.4
Hours required to prepare report (FFIEC 030S)	0.5
Total burden in hours	70 (rounded up from 69.1)

13. Estimate of Total Annual Cost Burden

None

14. Estimate of Total Annual Cost to the Federal Government

Because of the small number of foreign branches of insured state nonmember banks, the cost to the Federal Government for all aspects of the distribution and processing of the Foreign Branch Report of Condition is nominal.

15. Reason for Program Changes or Adjustments

The change in burden of +19.0 hours consists of an adjustment of +13.6 hours resulting from an increase from 2 to 3 in the number of foreign branches subject to quarterly reporting on the form FFIEC 030, an adjustment of +3.4 hours resulting from an increase from 6 to 7 in the number of foreign branches subject to annual reporting on the form FFIEC 030, and an adjustment of +1.0 hours resulting from an increase from 7 to 9 in the number of foreign branches subject to annual reporting on the form FFIEC 030S. The exact amount of the annual burden has increased 18 hours from 51.1 hours to 69.1 hours, which, when rounded up to 70 hours, results in a change in burden of 19 hours. (Previously the burden of 51.1 hours apparently was not rounded up to 52 hours.)

16. Publication

The information collected on 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.

18. Exceptions to Certification

None.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.