

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 revision, 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 revise the officer declaration requirement that applies to the Foreign Branch Report of Condition, reduce the information provided if the consolidation option is elected, and add a field on the cover page for an institution to indicate whether the branch meets the criteria for annual or quarterly filing. These revisions would become effective for the December 31, 2015, report date. The current clearance for this collection expires on December 31, 2015.

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."

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.

The proposed revisions to this collection of information would not change the financial information required to be reported in the Foreign Branch Report of Condition. Rather, the FDIC and the other banking agencies are proposing the following revisions to the FFIEC 030 and FFIEC 030S reports:

- (1) At present, these reports must be signed by an authorized officer who addresses the correctness of the information reported by stating only that the report is true and correct to the best of his or her knowledge and belief. The agencies are proposing to revise the language of this declaration requirement to make explicit that the authorized officer must be an officer of the parent U.S. institution who attests that the report, including any consolidated branches, has been prepared in conformance with the instructions issued by the Federal Financial Institutions Examination Council and is true and correct to the best of his or her knowledge and belief.
- (2) At a U.S. institution's option, branches in a single country currently may report their year-end information on a consolidated basis. When this option is exercised, each branch that is consolidated into the report for the U.S. institution's principal branch in a country is instructed to state on the cover page of its report that no figures are shown for this branch in its report because its figures have been consolidated with those reported by the principal branch in that country. The branch that has been consolidated also must include its address on the cover page of its report, which it must file with the appropriate Federal Reserve District Bank. In turn, the principal branch is instructed to state the number of branches in the country that are consolidated into its report, and then list the address of each consolidated branch. The agencies are proposing to eliminate the requirement for a branch that is consolidated into the report for the U.S. institution's principal branch in a country to submit the cover page of the report containing the statement that the branch is consolidated into the report filed by the principal branch in that country, along with its address. This requirement is unnecessary given that this information is conveyed in the report for the U.S. institution's principal branch in that country.
- (3) The FFIEC 030 report for December 31 must be filed by both annual and quarterly respondents. To aid in identifying annual versus quarterly respondents, the agencies are proposing to add a field to the cover page of the FFIEC 030 report in which respondents would indicate whether the report is filed annually or quarterly. This field would only need to be completed annually on the December 31 report.

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 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. 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 \$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

There are no special circumstances.

8. Summary of Public Comments

On July 29, 2015, 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 (80 FR 45274). The agencies did not receive any comments addressing the proposed changes to the Foreign Branch Report of Condition described in 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 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. 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)	8
Number of annual respondents (FFIEC 030S)	8
Reports per annual respondent per year	1

Number of quarterly respondents (FFIEC 030)	1
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 annual burden in hours	45

13. Estimate of Total Annual Cost Burden

Total annual burden in hours	45
Average hourly rate	\$60
Total cost	\$2,700

14. Estimate of Total Annual Cost to the Federal Government

Because of the small number of foreign branches of FDIC-supervised institutions, the cost to the federal government for all aspects of the distribution and processing of the Foreign Branch Reports of Condition filed by such foreign branches is nominal.

15. Reason for Program Changes or Adjustments

The total annual burden for the Foreign Branch Report of Condition in the Inventory of Currently Approved Information Collections is 88 hours. The change in burden of -43 hours for the Foreign Branch Report of Condition as it is proposed to be revised consists of (1) an adjustment of -14 hours resulting from a decrease from 12 to 8 in the number of foreign branches subject to annual reporting on the form FFIEC 030, (2) an adjustment of -27 hours resulting from a decrease from 3 to 1 in the number of foreign branches subject to quarterly reporting on the form FFIEC 030, and (3) an adjustment of -2 hours resulting from an decrease from 11 to 8 in the number of foreign branches subject to annual reporting on the form FFIEC 030S.

16. Publication

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.

18. Exceptions to Certification

None.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.