Supporting Statement for the
Foreign Branch Report of Condition
(FFIEC 030 and FFIEC 030S; OMB No. 7100-0071)

Summary

The Board of Governors of the Federal Reserve System (Board) requests approval from the Office of Management and Budget (OMB) to extend for three years, with revision, the Federal Financial Institutions Examination Council (FFIEC) Foreign Branch Report of Condition (FFIEC 030 and FFIEC 030S; OMB No. 7100-0071). Insured domestically chartered commercial banks and savings associations (U.S. banks) that have one or more branch offices in a foreign country are required to report balance sheet information for each of their foreign branches on either the FFIEC 030 or FFIEC 030S. The FFIEC 030 is collected annually as of December 31 or quarterly for significant branches as of the last day of each calendar quarter. The FFIEC 030S is an abbreviated reporting form filed annually by smaller institutions.

The Federal Reserve receives reports for all foreign branches of U.S. banks, regardless of charter type, on behalf of the U.S. banks' primary federal bank regulatory agency (Board, Federal Deposit Insurance Corporation (FDIC), or Office of the Comptroller of the Currency (OCC) (collectively the agencies)). The agencies use the FFIEC 030 and FFIEC 030S reports to fulfill their statutory obligation to supervise foreign operations of domestic banks. The FDIC and the OCC have also submitted similar requests for OMB review to request this information from banks under their supervision.

The agencies, under the auspices of the FFIEC, propose to revise the FFIEC 030 by incorporating line items from the Quarterly Report of Assets and Liabilities of Large Foreign Offices of U.S. Banks (FR 2502q; OMB No. 7100-0079) into the FFIEC 030. The proposed revisions to the FFIEC 030 would be effective as of the March 31, 2025, report date for branches that currently meet the criteria to file the FR 2502q (i.e., those located in the U.K. or Caribbean). For a branch that does 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 would be as of December 31, 2025. There are no proposed revisions to the FFIEC 030S.

The current estimated total annual burden for the FFIEC 030 and FFIEC 030S is 289 hours, and would increase to 367 hours. The proposed revisions would result in an increase of 78 hours. The form and instructions are available on the FFIEC's public website at https://www.ffiec.gov/ffiec_report_forms.htm.

Background and Justification

The FFIEC 030 and FFIEC 030S collect information on the structure and geographic distribution of foreign branch assets and liabilities. The agencies use this information to plan examinations and to analyze the foreign operations of U.S. banks, in connection with the agencies' statutory responsibility to assess the safety and soundness of the U.S. banks that they supervise. The information collected by the FFIEC 030 and FFIEC 030S allows the agencies to measure growth trends by bank, by country, and by bank within country. Additionally, aggregate

data that is publicly released by the agencies are a useful source of information on U.S. bank activities for the general public. This series of data collected by these reports is the oldest statistical series that exists for foreign branches of U.S. banks and is an important source for measuring the growth of these offices.

The FFIEC 030 is the only report through which the agencies collect balance sheet information on foreign branches of U.S. banks. The Board uses another report, the Quarterly Report of Assets and Liabilities of Large Foreign Offices of U.S. Banks (FR 2502q; OMB No. 7100-0079), to collect less detailed balance sheet information from parent institutions of foreign branches or subsidiaries (specifically, those with total assets of $500 million or more). The FR 2502q collects only gross assets and liabilities by the country of the principal address of the customer, rather than the type of assets and liabilities of the branch. Although the FR 2502q does not provide comparable information, the Board may check the FFIEC 030 to verify that individual branches that report total assets greater than or equal to $500 million also report on the FR 2502q.

Description of Information Collection

The FFIEC 030 is a two-page report that collects balance sheet information on all foreign branches of U.S. banks, regardless of the size of the branch. Each data item of the FFIEC 030 relates directly to one or more data items on the Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices (Call Report) (FFIEC 031; OMB No. 7100-0036); no additional information is requested.

U.S. banks must file the report quarterly for foreign branches with total assets of at least $2 billion or commitments to purchase foreign currencies and U.S. dollar exchange of at least $5 billion (significant branches) and annually for all other foreign branches with total assets of more than $250 million. Reporters may choose to file one consolidated report for all their branches located in the same foreign country; however, reporters are not permitted to consolidate data for significant branches with data for any other branches.

The FFIEC 030S is an abbreviated reporting form containing five data items that U.S. banks must file with regard to foreign branches with total assets between $50 million and $250 million file annually. These data items are the minimum information needed to serve as indicators of higher business volume, risk, and complexity in small-sized foreign branches. The reported information also is used to monitor potential developments that may pose risks to the overall operations of the parent bank. U.S. banks do not have to file an FFIEC 030 or FFIEC 030S with respect to any foreign branch with total assets of less than $50 million and that do not otherwise meet the requirements to file the FFIEC 030 quarterly.

Respondent Panel

The FFIEC 030 and FFIEC 030S panels comprise U.S. banks that have one or more branch offices in a foreign country.

Frequency and Time Schedule

The FFIEC 030 and FFIEC 030S are collected annually as of December 31 from U.S. banks with one or more branch offices in a foreign country and quarterly from U.S. banks with significant branches as of the last calendar day of March, June, September, and December. The FFIEC 030 and FFIEC 030S must be submitted within forty-five days of the report date by qualifying U.S. banks, regardless of charter type, to the Federal Reserve Bank in the district in which the U.S. bank's main office is located. The Federal Reserve then compiles the reported information and makes it available to the FDIC and OCC four months after the as of date for both quarterly and annual reporters.

Initially Proposed Revisions to the FFIEC 030

The FR 2502q collects data on the claims and liabilities with U.S.-resident versus foreign-resident counterparties on the balance sheets of major foreign branches and large banking subsidiaries of U.S. head offices of bank holding companies, commercial banks, and Edge and agreement corporations.[1] For the reporting purposes of the FR 2502q, large foreign branches are currently defined as those that file the Foreign Branch Report of Condition (FFIEC 030; OMB No. 7100-0071) with total assets, Schedule BS, item 11, of $2 billion or more. Large banking subsidiaries are defined as those that file the Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations (FR 2314; OMB No. 7100-0073) quarterly, have a banking charter, and have assets of $2 billion or more and deposits of $10 million or more, Schedule BS, item 10, and Schedule BS-M, item 6, respectively.

The Division of International Finance at the Board has an interest in knowing the amounts of the claims and liabilities of U.S.-chartered banks with respect to residents of the U.S. The FR 2502q provides data about activities in foreign offices by location and type of offices that are unavailable from other reporting forms. For example, because banks' submissions that underlie the quarterly Federal Financial Institutions Examination Council (FFIEC) Country Exposure Report (FFIEC 009; OMB No. 7100-0035) are consolidated on a worldwide basis, they do not indicate which particular offices are involved in lending to or borrowing from U.S. or foreign residents.

Following a 2015 revision that substantially reduced the size of the FR 2502q report, the Board has assessed its use of the data collected in the FR 2502q and has determined that the data could instead be effectively collected through the FR 2314 and FFIEC 030, and that doing so would reduce overall respondent burden.

In addition, standardizing the collection of foreign branch lending data through the FFIEC reporting process will improve useability by the FDIC and OCC. The current FR 2502q collection is managed and run solely by the Board. The proposed shift of certain items to the FFIEC 030 will make it easier for the FDIC and OCC to use the data reported in those items, as well as providing those agencies with a more direct role in proposing changes to the data items to

[1] Prior to 2015, the FR 2502q collected a full geographic distribution of claims and liabilities from these respondents. However, data on individual foreign counterparty countries became redundant with the expansion of other international data collections.

improve the usefulness of the collection for all three agencies.

Therefore, the agencies propose to add a new schedule to the FFIEC 030 to collect the information currently collected by the FR 2502q and add additional line items to collect granular detail related to loans and lease receivables. The title of the new schedule would be "Schedule RAL-A – Due From, Due To, and Other." In addition, the agencies are adding a schedule name to the current Assets; Liabilities; Derivatives and Off-Balance-Sheet Items; and Memoranda section of the report form. The title of this schedule will be "RAL – Assets and Liabilities." Adding a schedule name to this section will help separate the current items from the proposed new items that will only be applicable to respondents that are required to submit their FFIEC 030 report on a quarterly basis. Respondents that submit their FFIEC 030 report on an annual basis will not need to complete the proposed new schedule.

Eight of the proposed line items would provide a granular breakout of what is currently collected on line items 8, 9, 16, and 17. The remaining six proposed line items would be new to the FFIEC 030 report. The agencies propose to incorporate the following line items from the FR 2502q into FFIEC 030, Schedule RAL-A – Due From, Due To, and Other:

Item 1a: Gross due from head office and U.S. branches of this bank,
Item 1b: Gross due from other foreign branches of this bank,
Item 2a: Gross due from consolidated subsidiaries of this bank in the U.S.,
Item 2b: Gross due from consolidated subsidiaries of this bank in foreign countries,
Item 3a: Gross due to head office and U.S. branches of this bank,
Item 3b: Gross due to other foreign branches of this bank,
Item 4a: Gross due from consolidated subsidiaries of this bank in the U.S.,
Item 4b: Gross due from consolidated subsidiaries of this bank in foreign countries,
Item 5: Assets that are claims on U.S. addressees other than depository institutions, and
Item 6: Liabilities to U.S. addressees other than depository institutions.

In addition, the proposed line items below would provide the agencies with more granular data about certain categories of loans and lease receivables, which is expected to be reported in the balance of line item 5 above. Collection of the additional line items would provide the agencies with the ability to analyze lending by foreign branches of U.S. banks to U.S. addresses in different sectors. For example, it is not uncommon for foreign branches to make loans secured by U.S. real estate. As lending to nondepository institutions continues to increase, segmenting the lending between foreign and U.S. addresses improves the ability of agencies to assess risks to this type of lending. The same reasoning applies to commercial and industrial loans and all other loans and leases. The proposed sub-set of line items are as follows:

Assets that are claims on U.S. addressees other than depository institutions:
Item 5a: Loans secured by real estate,
Item 5b: Loans to nondepository financial institutions,
Item 5c: Commercial and industrial loans, and
Item 5d: All other loans and all leases.

These proposed revisions would reduce the burden on respondents and assist the agencies in meeting shared data needs with shared resources. The Board will propose similar revisions to the FR 2314 in a separate notice. If these revisions are adopted, the Board expects to discontinue

the FR 2502q, effective as of June 30, 2024.

Public Availability of Data

Aggregate data are published in the Federal Reserve Annual Report and the Department of Commerce's Annual Statistical Digest. The individual responses are confidential.

Legal Status

The Board is authorized to collect the information contained on the FFIEC 030 and FFIEC 030S from state member banks by sections 9(3) and 9(6) of the Federal Reserve Act (12 U.S.C. §§ 321 and 324). Section 9(6) requires state member banks to make "reports of condition and of the payment of dividends" that "shall be in such form and shall contain such information as the Board of Governors of the Federal Reserve System may require." Section 9(3) permits state member banks to establish and operate branches in "any foreign country, on the same terms and conditions and subject to the same limitations as are applicable to the establishment of branches by national banks except that the approval of the Board of Governors of the Federal Reserve System, instead of the Comptroller of the Currency, shall be obtained before any State member bank may hereafter establish any branch." Section 25(4) of the Federal Reserve Act (12 U.S.C. § 602) states that "every national banking association operating foreign branches shall be required to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand." The obligation to respond is mandatory for U.S. banks with a foreign branch that has $50 million or more in total assets.

The information that is required to be provided on the FFIEC 030 and FFIEC 030S is collected as part of the Board's supervisory process. Accordingly, such information is afforded confidential treatment under exemption 8 of the Freedom of Information Act (FOIA), which protects information from disclosure that is contained in or related to the examination or supervision of a financial institution (5 U.S.C. § 552(b)(8)). In addition, the FFIEC 030 and FFIEC 030S are likely to contain nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent. Accordingly, such information may be withheld under exemption 4 of the FOIA (5 U.S.C. § 552(b)(4)). In limited circumstances, aggregate data for multiple respondents, which does not reveal the identity of any individual respondent, may be released to the public.

Consultation Outside the Agency

The Board coordinated and consulted with the FDIC and OCC in developing these revisions as part of the FFIEC approval process.

Public Comments and Current Proposal

On January 19, 2024, the agencies, under the auspices of the FFIEC, published an initial notice in the *Federal Register* (89 FR 3708) requesting public comment for 60 days on the extension, with revision, of the FFIEC 030 and FFIEC 030S. The comment period for this notice expired on March 19, 2024. The agencies received comments from two banking associations.

These comments were generally supportive of the proposed new line items. After reviewing the comments, the agencies are moving forward with the proposed revisions to the FFIEC 030, with certain modifications. 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. For example, the commenter noted the amount to be reported on proposed Schedule RAL-A, line item 5, "Assets that are claims on U.S. addressees other than depository institutions," includes new sub-line items that are more granular than the amount currently reported in FR 2502q item 1.c, "U.S. addresses other than depository institutions," and would increase burden to all filers of the FFIEC 030. 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. Beginning as of the March 31, 2025, report date, all branches that are 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 reported in Schedule RAL, item 11) as of the end of the calendar quarter, must complete new Schedule RAL-A. Beginning as of the December 31, 2025, report date, all branches required to report the FFIEC 030 on a quarterly basis must complete new Schedule RAL-A without any geographic limitation of being located in the U.K. or Caribbean. Branches that file the FFIEC 030 on an annual basis do not need to report the new items. The FFIEC 030 instructions will be updated to reflect these changes.

Second, the commenter requested that the agencies clarify the reporting of proposed Schedule RAL-A, line item 5, "Assets that are claims on U.S. addressees other than depository

institutions," by adding a Micro Data Reference Manual (MDRM) number and to include in the instructions that this line item is not an aggregate total of its sub-items. The commenter also requested that the agencies clarify whether Schedule RAL-A, line item 6, "Liabilities to U.S. addressees other than depository institutions," 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 a 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-items 5.a through 5.d. 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.

Lastly, separate from this proposal, on June 7, 2024, the Board published in the *Federal Register* an initial notice[2] requesting public comment for 60 days on the extension with revision to the Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations (FR 2314). The comment period of the June notice ended on August 6, 2024, and the Board received a comment from a banking trade organization regarding the proposed changes to the FFIEC 030. Specifically, the commenter requested clarification on the reporting of claims/liabilities with related institutions on the FFIEC 030. In the proposed instructions of Schedule RAL-A line items 5 and 6, it states to "Report claims/liabilities on U.S. addressees other than parent bank and other depository institutions" and contains no specific instructions on how to treat claims/liabilities with related institutions. However, on the proposed FR 2314 Schedule BS-Q line items 3 and 4, the instructions explicitly state to "exclude balances with related institutions."

The commenter requested that the Board work with the other agencies to clarify that balances with related institutions, as defined in FFIEC 030S and reported in FFIEC 030 proposed Schedule RAL-A items 1-4, should be excluded for the purposes of FFIEC 030 Schedule RAL-A items 5 and 6. In response to the commenter, to make the instructions more parallel between the FFIEC 030 and FR 2314, the agencies will clarify in the FFIEC 030 instructions to explicitly exclude balances with related institutions from the amounts reported in Schedule RAL-A, items 5 and 6.

The proposed revisions to the FFIEC 030 would be effective as of the March 31, 2025, report date for branches that currently meet the criteria to file the FR 2502q (i.e., those located in the U.K. or Caribbean). For a branch that does 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.

On October 7, 2024, the agencies, under the auspices of the FFIEC, published a final notice in the *Federal Register* (89 FR 81137) requesting public comment for 30 days on the extension, with revision, of the FFIEC 030 and FFIEC 030S. The comment period for this notice expires on November 6, 2024.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FFIEC 030 and FFIEC 030S is 289 hours, and would increase to 367 hours with the proposed revisions. The

[2] See 89 FR 48639 (June 7. 2024).

estimated number of quarterly filers is based on data submitted for the March 31, 2024, as of date. The estimated number of annual filers is based on data submitted for the December 31, 2023. The burden estimate was produced using the standard Board burden calculation methodology. These reporting requirements represent less than 1 percent of the Board's total paperwork burden.

FFIEC 030 and FFIEC 030S	*Estimated number of respondents*[3]	*Estimated annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
Current				
FFIEC 030 Quarterly	21	4	2.98	250
FFIEC 030 Annual	10	1	2.98	30
FFIEC 030S	9	1	0.95	9
Current Total				289
Proposed				
FFIEC 030 Quarterly	21	4	3.91	328
FFIEC 030 Annual	10	1	2.98	30
FFIEC 030S	9	1	0.95	9
Proposed Total				367
Change				78

The estimated total annual cost to the public for the FFIEC 030 and FFIEC 030S is $20,187, and would increase to $25,635 with the proposed revisions.[4]

Sensitive Questions

This information collection contains no questions of a sensitive nature, as defined by OMB guidelines.

[3] Of these respondents, 3 for the FFIEC 030 Quarterly; 7 for the FFIEC 030 Annual; and 9 for the FFIEC 030S are considered small entities as defined by the Small Business Administration (i.e., entities with less than $850 million in total assets). Size standards effective March 17, 2023. See https://www.sba.gov/document/support-table-size-standards.

[4] Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group's hourly rate and then summed (30% Office & Administrative Support at $23, 45% Financial Managers at $84, 15% Lawyers at $85, and 10% Chief Executives at $124). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2023*, published April 3, 2024, https://www.bls.gov/news.release/ocwage.t01.htm. Occupations are defined using the BLS Standard Occupational Classification System, https://www.bls.gov/soc/.

Estimated Cost to the Federal Reserve System

The estimated annual cost to the Federal Reserve System for collecting and processing the FFIEC 030 and FFIEC 030S is $35,200. The Federal Reserve System collects and processes the data for all three of the agencies.