

**Supporting Statement for the
Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks
(FFIEC 002; OMB No. 7100-0032)
and the
Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a
U.S. Branch or Agency of a Foreign (Non-U.S.) Bank
(FFIEC 002S; OMB No. 7100-0032)**

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) Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002; OMB No. 7100-0032) and Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a U.S. Branch or Agency of a Foreign (Non-U.S.) Bank (FFIEC 002S; OMB No. 7100-0032). The Board submits this request on behalf of itself, the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) (collectively, the agencies). No separate submission will be made by the FDIC or OCC.

The FFIEC 002 must be submitted quarterly by U.S. branches and agencies of foreign banks. The report requests detailed schedules of assets and liabilities as a condition report with a variety of supporting schedules. This information is used to fulfill the agencies' supervisory and regulatory requirements pursuant to the International Banking Act of 1978 (IBA). In addition, the Board uses the information collected by the FFIEC 002 to conduct monetary and financial analysis essential for the conduct of monetary policy. The FFIEC 002S is a mandatory supplement to the FFIEC 002 that collects information on assets and liabilities of any non-U.S. branch that is managed or controlled by a U.S. branch or agency of a foreign bank.¹ A separate FFIEC 002S supplement is completed by the managing or controlling U.S. branch or agency for each applicable foreign branch. The FFIEC 002S collects data on U.S. deposits, credit, and international indebtedness, and assists U.S. bank supervisors in determining the assets managed or controlled by the U.S. agency or branch of the foreign bank.

On September 28, 2023, the agencies, under the auspices of the FFIEC, requested public comment for 60 days on a proposal to revise the FFIEC 002.² The proposed revisions included changes to the form and instructions that were in response to the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2022-02, "Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures" (ASU 2022-02). After considering the comments received on the proposal, the FFIEC and the agencies on May 22, 2024, finalized certain proposed revisions resulting from ASU 2022-02, but deferred action related to the length of time that loan modifications to borrowers experiencing financial

¹ "Managed or controlled" means that a majority of the responsibility for business decisions, including, but not limited to, decisions with regard to lending, asset management, funding, liability management, or the responsibility for recordkeeping with respect to assets or liabilities for that foreign branch resides at the U.S. branch or agency.

² 88 FR 66933 (September 28, 2023).

difficulty would be reported in the FFIEC 002.³ The agencies have now completed their review and are revising the instructions to align the regulatory reporting of loan modifications to borrowers experiencing financial difficulty with U.S. generally accepted accounting principles (GAAP). These revisions would be effective as of the December 31, 2025, report date. However, the agencies do not object if an institution chooses to implement this revised reporting in advance of the effective date for the September 30, 2025, report date.

The current estimated total annual burden for the FFIEC 002 and FFIEC 002S is 18,490 hours, and would not change with the proposed revisions. The forms and instructions are available on the FFIEC's public website at <https://www.ffiec.gov/resources/reporting-forms>.

Background and Justification

Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002)

The IBA specifies that foreign banks' branches and agencies in the United States are subject to the supervisory authority of the U.S. federal banking agencies and that responsibility for federal supervision is to be shared among the agencies. As one step in carrying out the supervisory and regulatory responsibilities imposed by the IBA, the agencies instituted the FFIEC 002 in June 1980. The report collects from the U.S. branches and agencies of foreign banks information that is similar to that collected from U.S. commercial banks and savings associations by the Call Reports, although the FFIEC 002 collects fewer data items.

In addition to its supervisory and regulatory uses, the Board uses the information collected by the FFIEC 002 to conduct monetary and financial analysis essential for the conduct of monetary policy. The data are used to analyze credit developments, identify sources and uses of funds in the banking sector, and assess financial developments within the U.S. banking system. The data help to interpret the bank credit and deposit information that the Board uses when making monetary policy decisions and assists the Board in gauging the response to those decisions. The information collected by the FFIEC 002 is not available from other sources.

Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a U.S. Branch or Agency of a Foreign (Non-U.S.) Bank (FFIEC 002S)

Foreign banks often conduct business at branches that are domiciled in countries other than the United States, but which are largely run out of the banks' U.S. agency or branch office, with a separate set of books but often with overlapping management responsibilities. Such branches often engage in transactions with U.S. residents.

The information reported on the FFIEC 002S is collected for several reasons: (1) to collect information helpful for the supervision of U.S. offices of foreign banks, which often are managed jointly with these branches, (2) to monitor deposit and credit transactions of U.S. residents, (3) to monitor the impact of policy changes such as changes in reserve requirements, (4) to analyze structural issues concerning foreign bank activities in U.S. markets, and (5) to

³ 89 FR 45046 (May 22, 2024).

understand indebtedness and flows of banking funds in developing countries, in connection with data collected by the International Monetary Fund and the Bank for International Settlements, which are used in economic analysis.

The FFIEC 002S collects details on transactions with U.S. residents and with residents of the banks' home countries. In most cases, these data cover a large proportion of the subject branches' total activities since most of these branches have heavy exposures to their home countries and deal largely with U.S. customers. This collection allows for more complete data on U.S. deposits, credit, and international indebtedness and assists U.S. bank supervisors in determining the assets managed or controlled by the U.S. agency or branch of the foreign bank. The information collected by the FFIEC 002S is not available from other sources.

Description of Information Collection

The reporting panel for the FFIEC 002 includes all U.S. branches and agencies (including their International Banking Facilities (IBFs))⁴ of foreign banks, whether federally licensed or state chartered, insured or uninsured. The FFIEC 002 consists of a summary schedule of assets and liabilities (Schedule RAL) and several supporting schedules. Each schedule requires information on balances of the entire reporting branch or agency. On the schedules for cash (Schedule A), loans (Schedule C), and deposits (Schedule E), separate details are reported on balances of IBFs. Unlike the Call Reports for domestic banks and savings associations, the FFIEC 002 collects no income data.

A separate FFIEC 002S must be completed by any U.S. branch or agency of a foreign bank that manages or controls a banking branch of its parent bank in a foreign country. The FFIEC 002S covers all of the foreign branch's assets and liabilities, regardless of the currency in which they are payable. The supplement also covers transactions with all entities, both related and nonrelated, regardless of location. All due from/due to relationships with related institutions, both depository and nondepository, are reported on a gross basis, that is, without netting due from and due to data items against each other.

Respondent Panel

The FFIEC 002 panel comprises all U.S. branches and agencies (including their IBFs) of foreign banks, whether federally licensed or state chartered, insured or uninsured. The FFIEC 002S panel comprises any U.S. branch or agency of a foreign (non-U.S.) bank that manages or controls a banking branch of its parent bank that is licensed outside the 50 states of the United States or the District of Columbia.

⁴ An IBF is a set of asset and liability accounts, which are segregated on the books and records of the establishing entity and which reflect international transactions. An IBF is established in accordance with the terms of the Federal Reserve's Regulation D and after appropriate notification to the Federal Reserve. The establishing entity may be a U.S. depository institution, a U.S. office of an Edge or agreement corporation, or a U.S. branch or agency of a foreign bank, pursuant to the Federal Reserve's Regulations D and Q. An IBF is permitted to hold only certain assets and liabilities. In general, IBF accounts are limited to non-U.S. residents of foreign countries, residents of Puerto Rico and U.S. territories and possessions, other IBFs, and U.S. and non-U.S. offices of the establishing entity.

Frequency and Time Schedule

The FFIEC 002 and FFIEC 002S are collected quarterly as of the last calendar day of March, June, September, and December. U.S. branches and agencies of foreign banks must submit the FFIEC 002 and FFIEC 002S to the Federal Reserve Bank in whose district the reporting branch or agency is located within 30 calendar days following the report date. After processing and editing respondent data, the Board sends the data to the FDIC and OCC for their use in monitoring the U.S. activities of foreign banks under their supervision.

Proposed Revisions

In the September 2023 notice, the agencies proposed revisions to the FFIEC 002 related to FASB's ASU 2022-02. As proposed, institutions would have reported loan modifications to borrowers experiencing financial difficulty for a minimum period of 12 months after modification and until an institution performs a current, well documented credit evaluation to support that the borrower is no longer experiencing financial difficulty, unless the loan is paid off, charged-off, sold, or otherwise settled. This may have been for a period longer than financial statement disclosures required by ASU 2022-02. ASU 2022-02 requires that for each period for which a statement of income is presented, an entity shall disclose by class of financing receivable, qualitative and quantitative information about receivable performance in the 12 months after a modification of a receivable made to a debtor experiencing financial difficulty.⁵

The comment period for the September 2023 notice ended on November 27, 2023. The agencies received six comment letters on the September 2023 notice, four of which included objections to the proposed length of time for which these modifications would be reported on the Call Report.⁶ These commenters indicated that the divergence from GAAP financial statement disclosure requirements in accordance with ASU 2022-02 would create additional costs, complexity, and operational challenges without any substantial corresponding benefit to either the institutions or the agencies. The agencies deferred action on the length of time for which these modifications would be reported pending additional review of the proposal and the commenters' concerns. Current Call Report forms collect data on loan modifications to borrowers experiencing financial difficulty and the instructions define the types of loan modifications to be reported but do not prescribe a specific duration for reporting such modifications.

The agencies have completed their evaluation of the comments received. The agencies determined that consistency with the GAAP financial statement disclosure requirements under ASU 2022-02 would provide sufficient supervisory data on loan modifications due to the debtor's financial difficulty. Therefore, the agencies will revise the FFIEC 002 instructions to indicate that institutions should only report those loans that have been modified in the previous 12 months consistent with FASB ASC paragraph 310-10-50-42.

The agencies will revise the FFIEC 002 instructions for Schedule N, Past Due,

⁵ See FASB ASC paragraph 310-10-50-42.

⁶ Comments other than those related to the proposed length of time for which modifications would be reported have been addressed by FFIEC and the agencies in a prior notice (89 FR 45046, May 22, 2024).

Nonaccrual, and Restructured Loans, as applicable, to align reporting of loan modifications to borrowers experiencing financial difficulty, as described in ASU 2022-02. Specifically, modified loans reported in these items should meet the definition of loan modifications to borrowers experiencing financial difficulty, as described in ASU 2022-02, and include only such modifications which occurred in the previous 12 months.

Public Availability of Data

Aggregate data for all U.S. branches and agencies that file the FFIEC 002 are available on the Board's public website under the Data tab as *Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks* and are also used in developing flow of funds estimates and the estimates published in the Federal Reserve weekly H.8 statistical release, *Assets and Liabilities of Commercial Banks in the United States*. Aggregate data for the FFIEC 002S are available to the public upon request.

Individual respondent data, excluding confidential information, are available to the public from the National Technical Information Service in Springfield, Virginia, upon request. In addition, individual respondent data are also available on the FFIEC public website at <https://www.ffiec.gov/NPW>.

Legal Status

Section 11(a)(2) of the Federal Reserve Act (FRA) authorizes the Board to require depository institutions to submit reports of their liabilities and assets as the Board may determine to be necessary or desirable to enable the Board to discharge its responsibility to monitor and control monetary and credit aggregates (12 U.S.C. § 248(a)(2)).⁷ Section 7(c)(2) of the IBA provides that branches and agencies of foreign banks, other than federal branches and agencies, are subject to the requirement in section 9(6) of the FRA (12 U.S.C. § 324) to file reports of condition with the appropriate Federal Reserve Bank (12 U.S.C. § 3105(c)(2)). Section 7(c)(2) of the IBA provides that federal branches and agencies of foreign banks are subject to the reporting requirements contained in section 11(a) of the FRA "to the same extent and in the same manner as if the branch or agency were a state member bank" (12 U.S.C. § 3105(c)(2)). In addition, section 4(b) of the IBA authorizes the OCC to collect the same information from federal branches and agencies of foreign banks (12 U.S.C. § 3102(b)). The Board, FDIC, and OCC also are authorized to collect reports of condition from insured branches of foreign banks pursuant to section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. §§ 1817(a)(1) and (3)). The obligation to respond is mandatory.

The FFIEC 002 reports are made available to the public, except for Schedule M, "Due from/Due to Related Institutions in the U.S. and in Foreign Countries," and Schedule C, "Loans," Part I, Memorandum items 5.a and 5.b for eligible loan modifications under section 4013 of the 2020 Coronavirus Aid, Relief, and Economic Security Act, which are considered to be confidential by the agencies. This confidential information is exempt from public disclosure pursuant to the Freedom of Information Act (FOIA), under exemption 4 of the FOIA (12 U.S.C. § 552(b)(4)). This exemption applies to confidential commercial or financial information that is

⁷ This provision contemplates that the reports will be made either directly to the Board or to the Board through other federal regulators (e.g., the FDIC or OCC), depending on the reporting institution's charter type.

both customarily and actually treated as private by its owner.⁸ In addition, if a respondent believes that any of the public portions of its FFIEC 002 report would be exempt from disclosure under exemption 4 of the FOIA, the respondent may request confidential treatment for such information. The FFIEC 002 reports are made available in their entirety, including the confidential portions, to state regulators.

The agencies treat the entire FFIEC 002S report as confidential. The information contained in the report is exempt from public disclosure pursuant to the FOIA under exemption 4, as confidential commercial or financial information that is both customarily and actually treated as private by its owner. However, aggregate data from the FFIEC 002S report for multiple respondents, which does not reveal the identity of any individual respondent, may be released.

Consultation Outside the Agency

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

Public Comments

On September 28, 2023, the agencies, under the auspices of the FFIEC, published an initial notice in the *Federal Register* (88 FR 66933) requesting public comment for 60 days on the extension, with revision, of the FFIEC 002 and FFIEC 002S. The comment period for this notice expired on November 27, 2023. The agencies received six comment letters on the September 2023 notice, four of which included objections to the proposed length of time for which these modifications would be reported on the Call Report. These commenters indicated that the divergence from GAAP financial statement disclosure requirements in accordance with ASU 2022-02 would create additional costs, complexity, and operational challenges without any substantial corresponding benefit to either the institutions or the agencies. The agencies deferred action on the length of time for which these modifications would be reported pending additional review of the proposal and the commenters' concerns. Current Call Report forms collect data on loan modifications to borrowers experiencing financial difficulty and the instructions define the types of loan modifications to be reported but do not prescribe a specific duration for reporting such modifications.

The agencies have completed their evaluation of the comments received. The agencies determined that consistency with the GAAP financial statement disclosure requirements under ASU 2022-02 would provide sufficient supervisory data on loan modifications due to the debtor's financial difficulty. Therefore, the agencies will revise the FFIEC 002 instructions to indicate that institutions should only report those loans that have been modified in the previous 12 months consistent with FASB ASC paragraph 310-10-50-42.

The agencies will revise the FFIEC 002 instructions for Schedule N, Past Due, Nonaccrual, and Restructured Loans, as applicable, to align reporting of loan modifications to borrowers experiencing financial difficulty, as described in ASU 2022-02. Specifically, modified

⁸ See *Food Marketing Institute v. Argus Leader Media*, 139 S. Ct. 2356, 2364 (2019).

loans reported in these items should meet the definition of loan modifications to borrowers experiencing financial difficulty, as described in ASU 2022-02, and include only such modifications which occurred in the previous 12 months. The proposed revisions to the FFIEC 002 instructions are proposed to become effective with the December 31, 2025, report date. On July 11, 2025, the agencies, under the auspices of the FFIEC, published a final notice in the *Federal Register* (90 FR 31111) requesting public comment for 30 days on the extension, with revision, of the FFIEC 002 and FFIEC 002S. The comment period for this notice expires on August 11, 2025.

Estimate of Respondent Burden

As shown in the table below, the estimated annual burden for the FFIEC 002 and FFIEC 002S is 18,490 hours, and would not change with the proposed revision. This burden estimate accounts for all filers of the FFIEC 002 and FFIEC 002S, including those supervised by the FDIC or OCC. These reporting requirements represent less than 1 percent of the Board's total paperwork burden.

FFIEC 002 and FFIEC 002S	<i>Estimated number of respondents⁹</i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
FFIEC 002	183	4	24.67	18,058
FFIEC 002S	18	4	6	<u>432</u>
<i>Total</i>				18,490

The estimated total annual cost to the public for the FFIEC 002 and FFIEC 002S is \$1,334,054, and would remain the same with the proposed revisions.¹⁰

Sensitive Questions

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

⁹ Of these respondents, 58 for the FFIEC 002 and 3 for the FFIEC 002S 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>.

¹⁰ 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 \$24, 45% Financial Managers at \$87, 15% Lawyers at \$88, and 10% Chief Executives at \$126). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages*, May 2024, published April 2, 2025, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for collecting and processing the FFIEC 002 and FFIEC 002S is \$296,300 per year. The Federal Reserve System collects and processes the data for all three of the agencies.