Supporting Statement for the
Country Exposure Report (FFIEC 009; OMB No. 7100-0035) and
Country Exposure Information Report (FFIEC 009a; OMB No. 7100-0035)

Summary

The Board of Governors of the Federal Reserve System (Board) requests approval from the Office of Management and Budget (OMB) to extend, without revision, the Federal Financial Institutions Examination Council (FFIEC) Country Exposure Report (FFIEC 009; OMB No. 7100-0035) and the Country Exposure Information Report (FFIEC 009a; OMB No. 7100-0035).

The reporting and disclosure provisions of the International Lending Supervision Act of 1983 (the Act) authorize the Federal Reserve to require these reports. The FFIEC mandates both reports and the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) collect identical reports from institutions under their supervision. The FDIC and the OCC also are submitting a similar request for OMB review for banks under their supervision.

U.S. commercial banks, savings associations and bank holding companies that meet certain criteria file quarterly the Country Exposure Report (FFIEC 009) with the Federal Reserve, the FDIC, and the OCC (collectively the agencies) and provide information on international claims of U.S. banks, savings associations, holding companies and savings and loan holding companies (SLHCs) that is used for supervisory and analytical purposes. The information is used to monitor country exposure of banks to determine the degree of country risk and transfer risk in their portfolios and the possible impact on U.S. banks of adverse developments in particular countries. The Country Exposure Information Report (FFIEC 009a) is a supplement to the FFIEC 009 and provides publicly available information on material foreign country exposures (all exposures to a country in excess of 1 percent of total assets or 20 percent of capital, whichever is less) of U.S. banks, savings associations and holding companies that file the FFIEC 009 report. As part of the Country Exposure Information Report, reporting institutions must also furnish a list of countries in which they have lending exposures above 0.75 percent of total assets or 15 percent of total capital, whichever is less.

The estimated total annual reporting burden for the FFIEC 009 and the FFIEC 009a is 26,516 hours.

Background and Justification

The banking agencies use the FFIEC 009 report in carrying out their supervisory and regulatory responsibilities to collect information on overseas lending activities of U.S. banks to customers in individual countries. The information is used to monitor and analyze banks’ country exposure in order to determine the possible impact on individual banks and on the entire U.S. banking system of adverse developments in particular countries. It is a basic source of information on the geographic distribution of bank claims that is provided to other U.S. government agencies and to the Bank for International Settlements (BIS). The information collected in the report is not available from any other source.
The FFIEC 009 report originated in 1977 in response to concerns about the lack of information on banks’ country risk exposures, in view of the substantial growth in international lending by U.S. banks in the mid-1970s. In 1984 the FFIEC increased the frequency from semiannual to quarterly, implementing reporting requirements of the International Lending Supervision Act, to obtain more frequent and timely data on changes in the composition and maturity of banks’ loan portfolios subject to transfer risk. The FFIEC revised the report in 1985 to provide greater sector detail on third-country guarantors for country redistribution of guaranteed claims and to obtain information on trade finance.

The FFIEC 009a report was implemented in 1984 as a supplement to the FFIEC 009 report to provide public disclosure of information regarding material country risk exposure in accordance with the Act. Section 907 of the Act provides that the federal banking agencies shall require and publicly disclose certain reports from banking institutions with foreign country exposure. The FFIEC 009a is available to the public and requires respondents to report all exposures to a country in excess of 1 percent of the total assets or 20 percent of capital of the reporting institution, whichever is less. In addition, each institution furnishes a list of the countries in which exposures are between 0.75 percent and 1 percent of total assets or between 15 and 20 percent of capital, whichever is less. Data are reported net of adjustments for transfers of exposure, for example through guarantees. The FFIEC initially established this reporting basis, which is consistent with the approach taken by the Securities and Exchange Commission, following consultation with bankers.

Description of Information Collection

The FFIEC 009 report is filed as of the last business day of each quarter by any state member bank, savings association or bank holding company (BHC) that (a) has at least one of the following: (1) a branch in a foreign country; (2) a subsidiary in a foreign country; (3) an Edge or Agreement subsidiary; (4) an International Banking Facility (IBF) subsidiary; or (5) a branch in Puerto Rico or any U.S. territory or possession; and (b) has, on a fully consolidated basis, total outstanding claims of at least $30 million on residents of foreign countries.

The FFIEC 009 report collects information, by country1, on three schedules. Schedule 1 collects information on the respondent’s country exposure excluding claims resulting from the positive fair value of derivatives contracts, which are reported in Schedule 2. Specifically, Schedule 1 collects information on the respondent’s cross-border claims on residents of foreign countries and their foreign-office claims on local residents. These claims are reported on an immediate-counterparty basis and on an ultimate-risk basis (i.e., after adjustments for guarantees and collateral), and inward and outward risk transfers are also reported. The sector (bank, public, and other) of the borrower is broken out, as are claims with a remaining maturity up to

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1 Country names and country codes used for reporting FFIEC 009 data are based on the geographical classification published by the Department of the Treasury. The reporting form may be modified, from time to time, to reflect country consolidations or countries that have recently gained independence.
and including one year. Cross-border and foreign-office commitments to and guarantees (including credit derivatives) on foreigners are reported on an ultimate-risk basis. Schedule 1.a collects information on the respondent’s foreign-office liabilities in non-local currency and in local currency by country of the foreign office and total liabilities booked at the respondent’s foreign offices by country of the liability-holder. Schedule 1.a also includes memorandum items for net liabilities due from own related offices in other countries, assets held for trading, and trade finance. Schedule 2 collects information on the respondent’s cross-border claims on foreigners that result from the positive fair value of all the respondent’s derivative contracts. This information includes the sector (bank, public, and other) of the obligor and optional information on the positive and negative fair value of derivatives contracts of foreign offices vis-à-vis local residents. In addition, claims on bank branches that are not formally guaranteed by the head offices of the branches are identified by country of the location of the branch.

The FFIEC 009a is a quarterly supplement to the FFIEC 009 report and implements public disclosure provisions of the Act. Respondents provide detail on all exposures to a country in excess of 1 percent of the total assets or 20 percent of capital of the reporting institution, whichever is less. Each FFIEC 009a respondent also furnishes a list of the countries in which exposures are between 0.75 percent and 1 percent of total assets or between 15 and 20 percent of capital, whichever is less. In addition, Section 910(a)(1) of the Act authorizes the federal banking agencies to interpret and define the terms used in the Act. Thus, the agencies have the right to order a banking institution to file the FFIEC 009 and FFIEC 009a quarterly, even if the specified reporting criteria are not met, if the agencies deem the institution’s country exposure to be material in relation to its capital and assets.

**Time Schedule for Information Collection**

The time schedule for filing both reports is quarterly as of the end of March, June, September, and December. Each report should be submitted within 45 days of the reporting date for the March, June, September and December quarters. As proposed, each report would be submitted within 45 days of the reporting date for the March, June, and September quarters, and within 50 days of the reporting date for the December quarter. The Federal Reserve is responsible for collecting, editing, and compiling the data on behalf of all three banking agencies.

The FFIEC publishes aggregate data from the FFIEC 009 in the quarterly E.16 statistical release, *Country Exposure Lending Survey*. In addition, the Federal Reserve makes aggregate data available to the BIS. The BIS then publishes statistical data on consolidated bank claims on foreign borrowers as its “consolidated international banking statistics” on its website and in its *Quarterly Review*. Data from the FFIEC 009a are published on the FFIEC website.

**Legal Status**

[Board Legal will provide]

**Consultation Outside the Agency**
There has been no consultation outside the agency.

Public Comments

On April 29, 2019, the Board published an initial notice in the Federal Register (84 FR 18120) requesting public comment for 60 days on the extension, without revision, of the FFIEC 009 and 0909a. The comment period for this notice will expire on June 28, 2019.

Estimate of Respondent Burden

The reporting burden associated with the current FFIEC 009 is estimated to require an average of 131 hours per response, for a total burden of 25,676 hours annually. The reporting burden associated with the FFIEC 009a is estimated to require an average of 6.00 hours per response, with a total burden of 840 hours annually. The total burden represents less than 1 percent of the total Federal Reserve System paperwork burden.

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<th>Number of respondents</th>
<th>Annual frequency</th>
<th>Estimated average hours per response</th>
<th>Estimated annual burden hours</th>
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<td><strong>Total</strong></td>
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The current total cost to the public is estimated to be $1,527,322 for the FFIEC 009 and the FFIEC 009a.²

Sensitive Questions

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

Estimate of Cost to the Federal Reserve System

The current cost to the Federal Reserve System for collecting and processing is $84,000. The cost to the Federal Reserve System for collecting and processing the FFIEC 009 and FFIEC 009a as proposed is $39,830.

² Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at $19, 45% Financial Managers at $71, 15% Lawyers at $69, and 10% Chief Executives at $96). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages May 2018, published March 29, 2019 www.bls.gov/news.release/ocwage.t01.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.