INDEPENDENT COMMUNITY BANKERS of AMERICA

May 16, 2011

Communications Division
Office of the Comptroller of the Currency
Mailstop 2-3, Attention: 1557-0081
250 E Street, SW
Washington, DC 20219

Gary A. Kuiper, Counsel
Attn: Comments, Room F-1086
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Jennifer J. Johnson, Secretary
Board of Governors of the
Federal Reserve System
20th Street & Constitution Avenue, NW
Washington, DC 20551

Information Collection Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Re: Proposed Agency Information Collection Activities
Office of the Comptroller of the Currency Attention: 1557-0081
Federal Reserve Consolidated Reports of Condition and Income (FFIEC 031 & 041) 7100-0036
Federal Deposit Insurance Corporation Consolidated Reports of Condition and Income, 3064-0052
Office of Thrift Supervision 1550-0023 (TFR: Schedule DI Revisions)

Dear Ladies and Gentlemen:

The Independent Community Bankers of America (ICBA)[1] appreciates the opportunity to comment on the joint notice and request for comment of the proposal to revise the Consolidated Reports of Condition and Income (Call Report), the Thrift Financial Report (TFR), the FFIEC 002, and the FFIEC 002S. This proposed revision would amend the

[1] The Independent Community Bankers of America represents nearly 5,000 community banks of all sizes and charter types throughout the United States and is dedicated exclusively to representing the interests of the community banking industry and the communities and customers we serve. ICBA aggregates the power of its members to provide a voice for community banking interests in Washington, resources to enhance community bank education and marketability, and profitability options to help community banks compete in an ever-changing marketplace.

With nearly 5,000 members, representing more than 20,000 locations nationwide and employing nearly 300,000 Americans, ICBA members hold $1 trillion in assets, $800 billion in deposits, and $700 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

reporting of multiple quarterly requests for information including average consolidated total assets, average Tier 1 capital, and banker's bank deductions. The result of the proposed revision is compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") requirement to redefine the assessment base used for calculating deposit insurance assessments and the associated FDIC final rule to implement this legislation.

Background

Currently the FDIC defines its assessment base for calculating deposit insurance assessments based on domestic deposits less certain exclusions. Institutions with total assets of less than $1 billion report their assessment base on a quarter-end basis. For institutions with total assets of $1 billion or more, newly insured institutions by the FDIC, and institutions with total assets of under $1 billion that make an election, the assessment base is calculated based on a daily average. Dodd-Frank requires the FDIC to redefine its assessment base for calculating deposit insurance assessments to average consolidated total assets less average tangible equity (with additional adjustments for custodial and banker's banks). Accordingly, the FDIC issued a final rule to implement the new assessment base formula.

Insured institutions with total assets of $1 billion or more, newly insured depository institutions, and insured institutions with total assets of under $1 billion that make an election will report average consolidated total assets based on daily balances. All other insured institutions will report average consolidated total assets based on weekly balances. For an insured institution that is the parent of another insured institution, the final rule requires that the parent report its average consolidated total assets without consolidating the assets of its insured institution subsidiaries. For insured institutions with subsidiaries that are not themselves insured institutions, the final rule requires that subsidiary assets both consolidated and eliminated must be included in the average consolidated total asset calculation.

As required by the final rule, tangible equity is measured using Tier 1 capital. Insured institutions with average consolidated total assets of $1 billion or more and newly insured institutions will report the average balance of Tier 1 capital based on the average of the current quarter's month-end balances of Tier 1 capital. All other insured institutions will report the average balance of Tier 1 capital using the current end-of-quarter amount. An insured institution that is the parent of another insured institution must report its average balance of Tier 1 capital without consolidating the insured institution subsidiary. An insured institution with subsidiaries that are not themselves insured institutions must include the subsidiaries in the calculation of the average balance of Tier 1 capital.

For banker's banks, the final rule allows for the deduction of the sum of average balances due from Federal Reserve Banks plus average Federal funds sold from the assessment base with an upper limit on the deduction equal to the sum of the banker's bank's average deposits due to commercial banks and other depository institutions plus average Federal

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fund purchased. However, the banker's bank must conduct at least 50 percent of its business with entities other than its parent or entities controlled directly or indirectly by the parent. The averages are calculated consistent with the calculations for average consolidated total assets.

With regard to funding for all banks, the final rule changes the assessment rate reduction for long-term unsecured liabilities in order to keep an insured institution's cost of borrowing using long-term unsecured debt unchanged. The final rule changes the cap on the unsecured debt adjustment so that an assessment rate could not be near or at zero. Debt that is redeemable within one year no longer qualifies as long-term. A Depository Institution Debt Adjustment is created for long-term unsecured debt held by an insured institution issued by another insured institution.

Proposed Regulatory Reporting Changes

To meet the requirements of the FDIC final rule, information collected from insured institutions will be amended to capture the data needed to calculate the new assessment base. The reporting of average consolidated total assets will be required along with the averaging method used. The reporting of average Tier 1 capital will also be required. Specific to banker's banks, these insured institutions will now identify themselves as meeting the definition of a banker's bank and the business conduct test. Banker's banks will report their average banker's bank deductions and the average banker's bank deduction limit. Finally, reporting of an insured institution's holdings of long-term unsecured debt issued by other insured institutions would be added. The instructions for the reporting of unsecured other borrowings and subordinated notes and debentures with a remaining maturity of one year or less would be amended to include debt instruments where the holder has the option to redeem the debt within one year of the report date.

Impact on Community Banks

ICBA welcomes the proposed changes to the collection of information through the use of these reports as these requests are reasonable and practical for both preparers and users of the underlying financial data. These changes are crucial to the determination of the assessment base for deposit insurance assessments as mandated by Dodd-Frank. Without the proposed changes the ability for the agencies to collect accurate data with regard to the assessment base would be greatly compromised. For most community banks, the new calculations required can be promptly handled by the information systems in place within these institutions with little or no additional costs incurred to obtain the information on an ongoing basis.

We believe that further enhancements could be made to better minimize the burden placed on some institutions by permitting insured institutions with average consolidated total assets of less than $1 billion to report monthly average balances in place of daily or weekly average balances for the figures that require average balance reporting. Institutions with information systems that are only presently capable of reporting monthly average balances will be forced to either (a) perform average balance calculations through a manual process with heightened risk of error or (b) invest the capital of the institution in new information reporting systems that will accommodate the need for daily or weekly average balance reporting. Also, we do not believe that the reporting of monthly average balances would be materially different from daily or weekly average balances for these smaller institutions.

ICBA appreciates the opportunity to comment on this proposal. If you have any questions or would like additional information, please do not hesitate to contact me at (202) 659-8111 or james.kendrick@icba.org.

Sincerely,

/s/

James Kendrick
Vice President, Accounting & Capital Policy