From: Jay Mullins <
Sent: Monday, October 10, 2016 1:06 PM
To: Comments
Subject: Small Bank Call Report Proposed Comments

- Which schedules or line items require manual reconcilement or are significantly more burdensome than others?

    - **Schedule RC-C Loans and Lease Financing Receivables** requires manual reconciliation of the classifications on the Bank General Ledger to information requested on Schedule RC-C. Reduction in classifications on Schedule RC-C would be desirable.

    - **Schedule RC-E Deposit Liabilities Memoranda** requires manual calculation and reconcilement. We have 2 CD codes. CD's less than $100k and CD's $100k and over. The Call Report requires us to use those totals but to also break down calculations into 1)CD's Less than $100k 2) CD's between $100k and $250k and 3) CD's more than $250k. We have to manually calculate those amounts and reconcile them back to the General Ledger.

    - **Schedule RC-K Quarterly Averages** requires manual calculation. The schedule has the amounts categorized differently than our General Ledger which causes us to have to manually add totals together for input.

    - **Schedule RC-L Derivatives and Off-Balance-Sheet Items** requires manual calculations. This schedule is a breakdown of our Lines of Credit and has amounts categorized differently than our General Ledger. We have to run a report, sort it by code and group certain codes together to report correctly.

    - **Schedule RC-O Other Data for Deposit Insurance and FICO Assessments Memoranda** requires total manual calculation. We have to calculate deposit balances of $250k or less and deposit balances over $250k. We also have to calculate the number of accounts with balances $250k or less and the number of accounts with balances over $250k. And reconcile all of that back to the General Ledger for correct reporting. I realize this is for FDIC insurance calculations but it still has to be manually calculated and takes time to prepare.

    - **Schedule RC-R Regulatory Capital**…The Balance Sheet Asset categories have excessive risk-rating classification %'s and acquisition of the information and entry of the information is excessive and cumbersome. The burden of providing this information for our Bank seems excessive. This capital information should be required if a minimum Tier I capital ratio is not attained by the Bank, otherwise the calculation seems excessive for an institution that is in strong capital position.

- Which line items or schedules are most costly to complete?

    - **Considering the amount of time it takes to run all the reports needed, calculate what has to be manually calculated and reconciled back to the General Ledger, and the actual preparing and entering the report, it takes at least a week with multiple people working on it. So the entire thing is costly to complete. The Bank's cost of Call report preparation vs. the Agencies benefit of Information from the Call Report is excessive on the cost side to the Bank . The time and cost of preparation including setting up and running various reports, reconciliation of Call Report required information to information provided by the General Ledger and various supporting detail schedules, interpretation of instructions for the Call Report, entry of Call report information to the software, printing of the Call Report, and review of draft Call Reports including Final Call Report as filed add**

up to a comprehensive excessive burden to the Bank. The required review and approval by the Board of Directors is an additional burden.

- Do you have suggestions for schedules that could be rearranged or otherwise modified that would make reporting simpler?

  - **RC-L (Line of Credit breakdown) could be combined with RC-C (Loans and Leases breakdown).**
  - **RC-O Memoranda (Deposit Insurance and FICO Assessments) could be combined with RC-E (Deposit Liabilities).**
  - **RC-R Regulatory Capital could require 1) calculation only if a minimum Tier I capital ratio is not attained and 2) annual information for selective schedules vs. Quarterly information for majority of the Call Report.**

- The Bank's comment to the joint notice from Federal Institution Letter (FIL) 53-2016 and the related Federal Register Notice request for comment on specific questions A thru C and a general comment on additional questions D-H are as follows:

  - **A) The agencies should not delay the proposed March 31, 2017 implementation date.** The proposed implementation date will enable reduction of burden on the Bank to prepare the new stream-lined Call Report. **A quarter is adequate lead time for the Bank to change our system and processes from reporting to enable preparation of the proposed FFIEC 051 from the current FFIEC 041.** Change can be executed quickly.
  - **B) The Bank prefers the agencies staggered approach to streamlining the Call report rather than waiting to incorporate all the proposed changes at once after the conclusion of the Full Review of the Call Report data items.** The Bank would prefer to implement the changes as quickly as possible.
  - **C) The Bank believes the option should exist as proposed to complete the FFIEC 041 rather than being required to file the FFIEC 051 if eligible.** Option as exists to allow preparer choice is commendable.
  - **D-H) The Bank believes the agencies have understated the burden of Call Report preparation and the Bank's cost of Call report preparation vs. the Agencies benefit of Information from the Call Report is excessive on the cost side to the Bank. The Bank also believes revision to requiring select information to be reported annually vs. current quarterly reporting of majority of information would relieve the burden.** The Bank believes proposed Call Report revisions will benefit the Bank but additional burden relief should be provided by reduced Regulatory Capital information requirements by reducing the complexity of the capital rules themselves. Allowing select information to be reported annually vs. existing quarterly reporting requirements would reduce the burden on the Bank and alternately would not significantly reduce the benefit of information to the agencies.

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