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August 28, 2017

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
Attention: 1557-0081, FFIEC 031, 041, and 051
400 7th Street SW, Suite 3E-218
Washington, DC 20219

Ms. Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Mr. Manuel E. Cabeza
Counsel
Attn: Comments, Room MB-3007
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: Proposed Agency Information Collection Activities; Comment Request on the
Consolidated Reports of Condition and Income

Dear Ladies and Gentlemen:

The Independent Community Bankers of America (ICBA)¹ appreciates the opportunity to provide comment on the proposed agency information collection activities related to

¹ The Independent Community Bankers of America®, the nation's voice for more than 5,800 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services. With 52,000 locations nationwide, community banks employ 760,000 Americans, hold \$4.7 trillion in assets, \$3.7 trillion in deposits, and \$3.2 trillion in loans to consumers, small businesses, and the agricultural community. For more information, visit ICBA's website at www.icba.org.

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the Consolidated Reports of Condition and Income (Call Report). ICBA welcomes action by the Federal Financial Institutions Examination Council (FFIEC) to reduce the current community bank call reporting burden by further eliminating data items in the quarterly call report. However, ICBA notes that this current endeavor, similar to other agency directives to streamline the call report, is limited in its effectiveness since the data items being removed are already not completed by most community banks. Federal banking agencies should adopt ICBA's longstanding position that community banks deemed by the federal banking agencies to be well-capitalized and highly-rated should only file complete call reports twice per year in the second and fourth quarters. Call reports in the first and third quarters should provide limited financial information, such as the bank's balance sheet, income statement, and statement of changes in shareholders' equity.

As ICBA has repeatedly told regulators, community banks are small, local lenders that engage in straightforward banking services to individuals, families, and small businesses in their respective communities. Community bank business models do not support the complex activities undertaken by much larger banks, which pose a greater risk to the domestic financial system and require increased scrutiny by regulatory agencies. By providing meaningful reductions to the reporting burden currently faced by community banks that are filing four exhaustive call reports per year, these community-based financial institutions can dedicate more time and effort to serving their customers, strengthening their communities, and improving economies across the country.

The Proposed Rulemaking

The FFIEC is proposing reductions to the number of reporting items in all three of the call report forms currently utilized by banks in the United States, including the FFIEC 051 call report, which is utilized by banks with domestic offices and total assets of less than \$1 billion. In the FFIEC 051 call report, regulators are proposing the consolidation, streamlining, or elimination of certain miscellaneous items in various schedules including the income statement, securities schedules, explanations, and the balance sheet. Similar reporting changes are proposed for the FFIEC 041 call report, which is utilized by all other banks with domestic offices in the United States. Other call report changes include instructional revisions for reporting past due assets and changes to the reporting of certain equity investments. The changes would be implemented starting with the call report to be filed for the period ended March 31, 2018.

The reporting reductions contained in this proposed rulemaking are the second in a series of three proposals being put forth by the federal banking agencies over time. The first proposal issued by the FFIEC, which has since been enacted, resulted in a net reduction of almost 1,000 reporting items for community banks with total assets under \$1 billion. For community banks with total assets over \$1 billion, the net reduction was 60 reporting

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items. In this second proposal, the proposed net reduction includes 54 reporting items for community banks with total assets under \$1 billion and 106 reporting items for community banks with total assets over \$1 billion. A third proposal is expected to be released at a later date and will primarily impact reporting for larger banks.

ICBA's Comments

ICBA would like to once again repeat its request that the FFIEC and the associated member agencies fully adopt the short-form call report for highly capitalized and well-rated community banks. ICBA's own research and member outreach has demonstrated that the adoption of a short-form call report reduces regulatory burden by lowering preparation costs and allowing key bank personnel to redirect their efforts to more customer-centric activities. While the revisions provided in this proposed rulemaking continue to reduce the number of data elements present in the call report completed by community banks, the eliminations do not go nearly far enough to provide meaningful regulatory relief. Only a coordinated effort by the federal banking regulators to eliminate entire reporting schedules will provide the burden reductions needed to help these institutions reduce their reporting burden.

Specific to the changes outlined in this proposed rulemaking, ICBA's greatest concerns center around the consolidation of reported data items on both the FFIEC 041 and FFIEC 051 reporting forms. It appears that the agencies are consolidating the reporting of data items rather than eliminating them altogether. For example, in the FFIEC 051 report, the reporting items for (1) fees and commissions from securities brokerages and (2) investment banking, advisory, and underwriting fees and commissions located in Schedule RI have been consolidated into one new reporting item. In the FFIEC 041 report, the reporting items for loans to individuals for household, family and other personal expenditures related to (1) credit cards, (2) other revolving credit plans, (3) automobile loans, and (4) other consumer loans located in Schedule RC-D have been consolidated into one new reporting item. While these changes serve to streamline the presentation of reporting items in the various schedules, the bank still faces the difficult task of aggregating the separate reporting items for delivery into its core processor system so that the consolidated presentation can be tabulated. The goal of reducing the number of reporting items shown on the face of the schedule does not result in any regulatory burden reduction for the bank as the same number of employee hours is needed to perform the required calculations and the same level of systems infrastructure maintenance is utilized to deliver the reported item. The better solution would be to reduce the frequency of reporting for these data items similar to the reduction in the frequency of reporting for year-to-date merchant credit card sales volume in Schedule RC-L as proposed in this proposed rulemaking.

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Community banks maintain strong balance sheets by providing vital but common-sense lending alternatives to individuals and small businesses in their communities, providing for the creation and growth of small businesses, allowing a family to purchase a home, and acting as a source for economic growth particularly in rural and underserved areas across the country. They are an important fixture in their communities often times by serving as the only source of banking services available to consumers and small businesses because they operate where the largest banks will not provide banking services. However, they are tiny in asset size relative to their money center and regional peers and provide no systemic threat to the national or international banking system. Therefore, they should be subjected to much less regulatory reporting than their larger peers.

ICBA appreciates the opportunity to comment on the proposed rulemaking. If you have any questions or would like additional information, please do not hesitate to contact James Kendrick at james.kendrick@icba.org.

Sincerely,

/s/

James Kendrick
First Vice President, Accounting and Capital Policy

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