



SFB appreciates the regulatory effort to reduce the growing burden associated with the preparation of the Call Report.

The most burdensome and complex schedule in the report is Schedule RC-R, the allocation and detailing of assets across a very expanded matrix of risk weighting.

Yes, we agree that not all assets present the same level of risk and that to appropriately measure capital adequacy some level of risk weighting is required. However, the expanded matrix due to Basel III is assuming risk weighting is an exact science and it is NOT. The asset risk weighting portion of Schedule RC-R accounts for over 40% of the time required to complete the entire Call Report. Given that risk weighting based on any predetermined definition is not an exact science, its an educated guess at best, a simplified matrix of risk weighting could significantly reduce the reporting burden and provide the same supervisory oversight value derived from risk weighted capital ratios, especially with the introduction of the Capital Buffer. The purpose of the asset review conducted with on-site examinations is to drill down on and identify if there are extraordinary risks in a bank's balance sheet or operations.

For small banks, I believe an appropriate risk weight could be determined that could be applied to already existing detail lines in other assets schedules in the report, i.e Schedule RC, RC-A, RC-B, RC-C, RC-D, RC-F. This approach would still provide a common basis to compare bank performance with peers and identify developing trends in a bank's asset mix. Ultimately, the final assessment of risk is based on the findings from on-site exams, not solely on capital ratios reported in the Call Report. This alternative would reduce the reporting burden substantially while still providing the regulators and the public with the capital ratios for evaluation and monitoring trends. Obviously, the regulators understand these capital ratios are estimates to begin with, why else would the Capital Buffer have been introduced! If these ratios were as precise as the detail required in Schedule RC-R would suggest, the "buffer" would not be needed.

I firmly believe the burden imposed by Schedule RC-R can be greatly reduced, or eliminated, without impacting regulatory oversight effectiveness.

Please contact me if additional detail or discussion will assist in clarifying my comments.

Sincerely,

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