

From: Security State Bank & Trust, Suzan Gallion
Proposal:
Subject: Consolidated Report of Condition and Income (Call Reports)

Comments:

Proposed New Consolidated Reports of Condition and Income for Small Institutions
Summary:

The banking agencies are requesting comment on a proposed new streamlined and less burdensome version of the Consolidated Reports of Condition and Income (Call Report) for eligible small institutions and proposed burden-reducing revisions to the other two versions of the Call Report. The proposal would define "eligible small institutions" as institutions with total assets less than \$1 billion and domestic offices only. The Federal Financial Institutions Examination Council (FFIEC) has approved this proposal as part of its community bank Call Report burden-reduction initiative. The Call Report revisions are proposed to take effect March 31, 2017. Institutions are encouraged to comment on the proposal by October 14, 2016.

Statement of Applicability to Institutions under \$1 Billion in Total Assets: This Financial Institution Letter applies to all FDIC-supervised banks and savings associations, including community institutions.

Highlights:

- * The proposed new FFIEC 051 Call Report for eligible small institutions is a modified version of the FFIEC 041 Call Report that has been created by:
 - o Adding a Supplemental Schedule to collect indicator questions and indicator data items on certain complex and specialized activities that replace all or part of six schedules (and other related items) currently included in the FFIEC 041;
 - o Eliminating data items identified during interagency reviews of existing Call Report data items as no longer necessary for collection from institutions with total assets less than \$1 billion and domestic offices only;
 - o Reducing the frequency of data collection for certain data items identified as needed less often than quarterly from institutions with total assets less than \$1 billion and domestic offices only; and
 - o Removing all data items for which a \$1 billion asset-size reporting threshold currently exists.

Comments from Security State Bank & Trust, Fredericksburg, Texas

A. What is the appropriate amount of lead time eligible small institutions would need to change their systems and processes from reporting using the FFIEC 041 to reporting using the proposed FFIEC 051 and whether the agencies should delay the proposed initial implementation date of March 31, 2017: Some small institutions might need to change their systems and processes from reporting using the FFIEC 041 to the FFIEC 051. In light of the fact that these changes are a reduction in paperwork and this change requires less work, the lead time may be lessened or remain at March 2017 since this change is scheduled over 90 days' in advance. Notice of this change has been ample.

B. Whether or not institutions prefer the agencies' staggered approach to streamlining the Call Report for eligible small institutions that will introduce proposed changes in multiple steps during the course of the community bank Call Report burden-reduction initiative rather than waiting to incorporate all the proposed changes into a streamlined Call Report at once after the conclusion of the Full Review of the Call Report data items in 2017; Staggering the Call Report changes for eligible small institutions is not necessary. Security State Bank & Trust recommends incorporating all the proposed changes at the same time.

C. Whether, as proposed, small institutions should have the option to complete the FFIEC 041 rather than being required to file the FFIEC 051 if eligible; Security State Bank & Trust would prefer to allow institutions to make the choice between continuing to file the FFIEC 041 for a reasonable amount of time, rather than being required to file the FFIEC 051 right away basing their decision on their software integration and staff training.

Comments also on:

D. Whether the proposed revisions to the collections of information that are the subject of this notice are necessary for the proper performance of the agencies' functions, including whether the information has practical utility; With the addition of the Supplemental Schedule which collects indicator questions and indicator data items on complex and specialized activities that replaces all or part of six schedules currently included in the FFIEC 041, it will still provide conclusive information for proper performance to the agency.

E. The accuracy of the agencies' estimates of the burden of the information collections as they are proposed to be revised, including the validity of the methodology and assumptions used; Yes the accuracy of the agencies burden of the information are valid for the balance sheet and retail side of the Call Report. However, the loan information is the largest area requiring time consuming data review.

F. Ways to enhance the quality, utility, and the clarity of the information to be collected;
Some additional ways to enhance the quality, utility, and clarity of the information to be collected would be to automate repetitive fields;, example entering the data into the RC-A, RC-B, RC-C etc. and have it populate accurately the fields on the Balance Sheet instead of filling in the Balance Sheet first and then completing each schedule. . This would save more time and effort in completing the Call Report for financial institutions.

G. Ways to minimize the burden of information collections on respondents, including through the use of automated collection techniques or other forms of information technology;
Enhance the collection of data by using automated collection techniques to include the FR2900 and FR2644 replacing data requested on the Call Report. There is quite a bit of duplication in these reports. Ideally transmitting the information through automation from the 2900 and 2644 to the Call Report.

H. Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

The estimated time and money to provide the Call Report information is deficient of the required time to complete the Call Report based on our findings. In order to stay ahead of the required details, a weekly entry is made into our spreadsheet to track loan information. Then at the end of the quarter, this information is current and entered with less time consuming research. Our estimate is that the start-up costs and costs of operation, maintenance, and purchase of services to provide information on a quarterly basis follows:

80 hours gathering the data to enter into the portal

8 hours for Human Resources, Merchant Services, Investments information

180 hours for Loan information

268 hours - to complete the Call Report FFIEC 041

+ 160 hours of training required to adjust to new FFIEC 51

+ \$350/Quarter for Call Report Pro - Implementation software costs

Best regards,

Suzan Gallion

Suzan Gallion | Senior VP/ Assistant CFO

Address: 201 West Main St. | Fredericksburg, Tx 78624

Phone: 830 997 7575

Fax: 830 990 8933

Email: sgallion@ssbtexas.com

Website: www.ssbttexas.com