



August 28, 2017

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

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

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

Submitted via – <http://www.regulations.gov>

Re: Proposed Agency Information Collection Activities; Comment Request, FFIEC 031, FFIEC 041, and FFIEC 051

Dear Mesdames and Sirs:

The Community Bankers Association of Illinois ("CBAI"), which proudly represents nearly 330 Illinois community banks, appreciates the opportunity to provide our observations and recommendations regarding a comment request ("Proposal" or "Rule") by the Office of Comptroller of the Currency, Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively "Agencies") regarding revisions to Consolidated Reports of Condition

CBAI is dedicated to exclusively representing the interests of Illinois community banks and thrifts through effective advocacy, outstanding education, and high quality products. CBAI's 330 members hold more than \$70 billion in assets, operate 860 locations statewide, and lend to consumers, small businesses, and agriculture. For more information, please visit www.cbai.com

and Income (“Call Report”) for banks with Domestic Offices Only and Total Assets Less Than \$1 Billion (Eligible Small Institutions) (FFIEC 051), for Banks with Domestic Offices Only (FFIEC 041), and for Banks with Domestic and Foreign Offices (FFIEC 031).

CBAI understands that the Agencies use Call Report data in monitoring the condition, performance, and risk profile of individual institutions and the industry as a whole. In addition, Call Report data serves a public policy purpose by assisting the Agencies in fulfilling their mission of ensuring the safety and soundness of financial institutions and the financial system, protection of consumer financial rights, and any agency-specific missions affecting national and state chartered institutions. Other uses by the Agencies of Call Report data include: the use of statistical data for identifying areas of focus for on-site and off-site examinations; evaluating an institution’s application(s), including and in particular whether interstate mergers and acquisition may result in an institution controlling more than 10% of the total amount of deposits of insured depository institutions in the United States; and to also calculate institutions’ deposit insurance and Financial Corporation assessments for national banks’ and federal savings associations’ semiannual assessment fees.

CBAI understands the Agencies formal Call Report initiative was launched in December of 2014, in response to industry concerns, to identify opportunities to reduce the burden associated with Call Report requirements for community banks. We are confident that the Independent Community Bankers of America’s (“ICBA”) August of 2014 petition, which was signed by 15,000 community bankers (over 1,000 from the state of Illinois), as well as many comment letters and testimony during the Economic Growth and Regulatory Paperwork Reduction Act (“EGRPRA”) decennial review, have highlighted the need to address increased regulatory burden posed by the relentless expansion of Call Report requirements and informed the Agencies about reasonable relief measures.

CBAI took note of the Agencies statements during the EGRPRA hearings that if the Agencies go through this decennial review process and do not make substantive changes to the regulatory burden [including Call Report burden] then the Agencies will have failed. Given the amount of time devoted to Call Report regulatory relief in testimony during the EGRPRA hearings, this Proposal and previous ones relating to Call Report relief is a litmus test to determine whether the Agencies are indeed taking community banker concerns seriously and whether the EGRPRA process will be a success or a failure.

CBAI notes the Agencies statement in this Proposal that their proposed revisions would result in an overall reduction in burden primarily related to the deletion or consolidation of a large number of items, the raising of certain thresholds, and the reduction in reporting frequency for a number of items. We also understand that the proposed revisions would take effect as of the March 31, 2018 report date, but that at the end of the comment period for this Proposal the comments and recommendations received will be reviewed to determine whether FFIEC and the Agencies should additionally modify the proposed revisions prior to giving final approval.

CBAI also recognizes that the Call Report (FFIEC 051) has been created for Eligible Small Institutions, which is a streamlined version of the existing Call Report (FFIEC 041), and would be applicable to institutions with domestic offices only and with assets of less than \$1 billion. The Agencies estimate that this new streamlined version of the Call Report will be available for use by 90%, of the current Call Report filers.

Regulatory Burden

CBAI again is compelled to highlight that all regulatory proposals create a regulatory burden. Every proposed new or changed rule and regulation, even if it includes an exemption or carveout, must be thoroughly analyzed by community banks to assess its potential impact. Therein is a significant baseline regulatory burden which we believe is unfortunately not being taken seriously by regulators in their rulemaking process.

For example, this Proposal is the second regarding Call Reports. Further, as disclosed in the Proposal, the Agencies will be proposing additional changes for comment based on the results of surveys with an anticipated March of 2018 implementation date. The Agencies may believe in good faith that this is a thoughtful and thorough approach; however, a more aggressive approach is what is required, versus a protracted and incremental approach to Call Report revisions to provide much needed and well deserved regulatory relief to community banks.

Each of the Agencies should understand that their individual proposals are among many that community banks must contend with and result in an immense combined regulatory burden on community banks. The source of this burden extends well beyond the banking regulators to include FinCEN, the Securities and Exchange Commission, Consumer Financial Protection Bureau (“CFPB”), Department of Labor, Department of Justice, and others. **CBAI recommends**

that the Agencies not only acknowledge the indisputable fact that their rulemaking is particularly burdensome on community banks that do not have the in-house resources needed to assess the impact of the numerous and increasing number of regulatory proposals, but should also expeditiously make additional meaningful changes which will result in a significant decreases in the Call Report regulatory burden that is currently being suffered by community banks.

Eligible Small Institutions

The Agencies define Eligible Small Institutions in the Proposal as institutions with total assets of less than \$1 billion and domestic offices only. We previously stated our appreciation for the Agencies commitment to exploring alternatives to the \$1 billion asset-size threshold that could extend the eligibility to file the FFIEC 051 to additional institutions. CBAI has a number of members which are true community banks that have assets in excess of \$1 billion and which are not engaged in businesses practices that should require significantly different or additional amounts of information to be reported on Call Reports.

CBAI appreciates that this Proposal will provide Call Report regulatory relief to 90% of filers but believes the Agencies should expand the asset exemption threshold to include all community banks. There are a number of asset thresholds in excess of \$1 billion that have been used by various agencies and which could be used as a precedent. **CBAI recommends the Agencies increase the asset threshold to qualify as an Eligible Small Institution to at least a minimum of \$10 billion. CBAI also recommends that the asset threshold be indexed to inflation to maintain its appropriateness and so that it does not have to be revisited in the future.**

Additional Call Report Regulatory Relief

CBAI, community bankers, and financial service professionals have all observed that the previous relief proposal failed to sufficiently provide meaningful Call Report regulatory relief. A solution that merely reduces the number of pages by removing data points for activities that are applicable only to large banks and schedules that are generally not applicable to community banks is not meaningful regulatory relief. Within this Proposal are tables detailing the items to be removed, change in frequency of items reported, and items with new or increased reporting

thresholds. It has been estimated by the ICBA that these changes will impact only 7% of Call Report data items. **This is certainly not what CBAI would reasonably consider meaningful regulatory relief for all community banks and we urge the Agencies to do significantly more. CBAI also urges the Agencies to implement a true short-form or streamlined Call Report which would be available to well-capitalized and highly-rated community banks for the first and third quarters of the year and that this Call Report should consist only of a simple the balance sheet, income statement, and changes in capital.** This information will provide more than sufficient data to assist the regulators in monitoring the risk profile of individual community banks and their impact on the safety and soundness of the financial system.

CBAI thanks you for this opportunity to provide our observations and recommendations regarding the proposed information collection activities. If you have any questions or need additional information please do not hesitate to contact me at (847) 909-8341 or davids@cbai.com.

Sincerely,

/s/

David G. Schroeder
Vice President Federal Governmental Relations

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