

From: Roger Guerin of Sis Bank, Independent Community Bankers of America (ICBA)

Proposal:

Subject: Consolidated Report of Conditions and Income (Call Report)

---

Comments:

Dear Chair Yellen:

Thank you for the opportunity to provide my comments on the call report changes recently proposed by the Federal Financial Institutions Examination Council (FFIEC). I was encouraged when I first learned that the FFIEC was moving toward implementing the call report reforms proposed by the Independent Community Bankers of America (ICBA), namely the introduction of a short-form call report to be filed in the first and third quarters of each year. While I commend the FFIEC for proposing a separate report for smaller financial institutions, the proposal falls short for providing meaningful relief for community banks.

As you have learned through the significant dialogue with community banks over the past two years, as well as the six EPRPRA outreach meetings attended by hundreds of community bankers across the country, the call report continues to represent a huge regulatory burden for my bank and the entire community banking industry. The ever-growing reporting burden that key personnel in my bank are forced to undertake every quarter strains critical personnel and forces management to divert our limited resources to bureaucratic paperwork. An-depth ICBA survey found that the annual cost of preparing the call report has increased for 86% of respondents over a ten-year period, with the total hours dedicated to preparation increasing significantly for 73% of respondents. ICBA further learned that 98% of respondents favored the short-form call report as the answer to reducing regulatory burden, with 72% noting the reduction would be substantial. These findings should not be a surprise given that call report preparers must study over 600 pages of instructions before completing the quarterly reporting obligations while continuing to fulfill their mission of serving the local community.

For two years, regulators have promised a solution to combat this out-of-control reporting nightmare, which has encouraged many community bankers to believe that meaningful relief from the FFIEC was forthcoming. In fact, at the recent EGRPRA meetings, the heads of the regulatory agencies clearly pronounced that if we go through this entire process and do not make substantive changes to regulatory burden, we will have failed. Unfortunately, this proposal clearly fails to address the reporting burden and achieve an effective solution. Simply reducing the number of pages by removing data points for activities only applicable to the largest banks does nothing to fix the problem. And removing data collection schedules that are generally not applicable to community banks, such as securitization activities, loans to foreign governments, venture capital income, credit derivatives, trading activities, and other non-existing lines of business may have reduced the number of pages, but it does nothing to remove the burden of preparing the report. Without meaningful reduction in the number and detail of call report schedules and the frequency of reporting, community banks are no better off than they were before this two-year FFIEC review began.

This is precisely why I am asking you to implement the reporting changes advocated by the community banking industry. A short-form call report available to well-capitalized and highly-rated community banks both large and small in the first and third quarters of each year to include the balance sheet, income statement, and change in capital schedules, without all of the supplemental schedules, would provide regulators with the necessary information required to make informed decisions about the safety and soundness of a community bank. Additionally, regulators would continue to receive prudent levels of community bank data key to making policy decisions since the number of business days between semi-annual reports is not enough to pose any risk to the national or global economy.

Thank you for providing me the opportunity to express my concerns with the proposed FFIEC call report changes.

Sincerely,

Roger Guerin

Senior Vice President & CFO

900 Main Street

Sanford, ME 04073