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August 8, 2014

The Honorable Thomas J. Curry
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, DC 20219

The Honorable Janet L. Yellen
Chair
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

The Honorable Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Submission of Quarterly Call Reports by Community Banks

Dear Comptroller Curry, Chair Yellen, and Chairman Gruenberg:

The Independent Community Bankers of America (ICBA)[1] would like to express its deep and growing concern about the increasing regulatory burden surrounding the generation of quarterly call reports by community banks and the adverse impact of this burden on these banks' ability to effectively serve their communities. As you are intimately aware, community banks have always been simple, straightforward, local lenders whose main purpose is to provide meaningful and impactful banking services that strengthen and grow their communities in both good times and bad. Community banks across the United States continue to serve an active role in driving the economies of rural and underserved

[1] The Independent Community Bankers of America®, the nation's voice for more than 6,500 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.

ICBA members operate 24,000 locations nationwide, employ 300,000 Americans and hold $1.3 trillion in assets, $1 trillion in deposits, and $800 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

communities that are not served by the regional and money center banks. The current call reporting framework, where the smallest community banks are required to provide extensive levels of financial information with the same specificity as the largest megabanks, represents a significant burden on call report preparers when quarterly reports do not provide meaningful financial information for regulators, depositors, shareholders, and other stakeholders. Without immediate relief for community banks that reduces the current regulatory burden including the increasingly taxing call report requirements, consolidation of community banks in the United States will occur at a rapid rate. **ICBA proposes that the banking regulators institute a more practical approach to community bank information reporting by instituting short-form call reporting in the first and third quarters for community banks that are considered to be well-capitalized.**

ICBA notes that regulated credit unions are not required to produce anywhere near the level of detail that is required by community banks even though their depositors are offered the same levels of protection and they engage in similar and in some cases identical activities as community banks. For example, in the first quarter of 2014, the smallest community bank was required to submit a call report that is 80 pages in length while the largest credit union in the country with over $58 billion in assets submitted a call report with only 28 pages. One must question why a financial institution with total assets exceeding $50 billion, a key benchmark for determining when a bank is so large that it becomes systemically important, is required to provide considerably less metrics than a community bank that is a mere fraction in size.

ICBA proposes that community banks that are deemed to be well-capitalized and highly-rated be permitted to streamline their current call reporting burden by introducing short-form call reports that would be submitted in certain quarters. Specifically, ICBA requests that complete call reports be submitted twice per year at fiscal year end and fiscal midyear. In the community bank's fiscal first and third quarters, the complete call report would be replaced by a short-form call report that includes only limited financial schedules such as the income statement, balance sheet, and statement of changes in bank equity capital. These schedules would provide the agencies with sufficient information to detect any significant changes in condition that might warrant additional follow up.

In a recent ICBA survey about the burden of complying with current call report requirements, community bank respondents overwhelmingly agreed that instituting a short-form call report in certain quarters would provide a great deal of regulatory relief. When asked whether a short-form call report would reduce the regulatory burden for the bank, 72% of respondents indicated that the relief would be substantial. What is most telling about the answers to this question among community banks is that they answered the question consistently regardless of bank asset size. Community banks with total assets of $500 million or more indicated that relief would be substantial at the same level as community banks with total assets of less than $100 million. This observation conflicts with the commonly held view that banks of a larger asset base are able to automate the call reporting endeavor thus reducing the overall reporting burden.

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ICBA strongly urges the banking agencies to work actively together to amend the current call report burden by allowing community banks to make use of the short-form call report solution. With only approximately 60 business days between reporting periods, instituting the short-form call report solution will greatly alleviate limited community bank resources that would be better served meeting the needs of local communities without compromising on the valuable metrics needed to efficiently assess safety and soundness.

If you have any questions or would like additional information, please do not hesitate to contact me at (202) 659-8111.

Sincerely,

/s/

Camden R. Fine
President and CEO

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