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December 16, 2019

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street, SW
Suite 3E-218
Washington, DC 20219

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

Mr. Manuel E. Cabeza
Counsel, Attention: Comments
Room MB-3128
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: Reporting of Data on Loans to Small Businesses and Small Farms

Dear Ladies and Gentlemen:

The Independent Community Bankers of America (ICBA)¹ appreciates the opportunity to respond to the request for comment on *Reporting of Data on Loans to Small Businesses and Small Farms*. This comment request seeks to better understand the data collection activities required on lending to small businesses and small farms under the Federal Deposit Insurance Act. The agencies are seeking to learn more about how banks report their small business and

¹ The Independent Community Bankers of America® creates and promotes an environment where community banks flourish. With more than 52,000 locations nationwide, community banks constitute 99 percent of all banks, employ more than 760,000 Americans and are the only physical banking presence in one in five U.S. counties. Holding more than \$4.9 trillion in assets, \$3.9 trillion in deposits, and \$3.4 trillion in loans to consumers, small businesses and the agricultural community, community banks channel local deposits into the Main Streets and neighborhoods they serve, spurring job creation, fostering innovation and fueling their customers' dreams in communities throughout America. For more information, visit ICBA's website at www.icba.org.

The Nation's Voice for Community Banks.®

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small farm portfolios of loans, what data is regularly collected, and whether alternative approaches should be used to collect the information.

ICBA requests that the agencies postpone such an effort until the rulemakings concerning the modernization of the Community Reinvestment Act (CRA) and reporting required under Section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act are completed. More importantly, ICBA reiterates its call for regulators to eliminate most call reporting requirements in the first and third quarters of each calendar year by introducing a short form call report for community banks that includes only the balance sheet, income statement, and statement of changes in shareholders' equity. Requiring highly rated and well capitalized community banks to complete a full call report every quarter serves no real purpose in maintaining the strength of the domestic banking system in the United States and does not enhance the safety and soundness of community banks particularly when they are already subject to thorough onsite examinations.

Comment Request

The agencies are seeking comment on the quarterly and semiannual reporting on lending to small businesses and small farms in Schedule RC-C, Part II of the call report. Information is requested on small business loans that have original amounts of \$1 million or less and are reported as loans secured by nonfarm nonresidential properties or commercial and industrial loans. Information is requested on farm loans that have original amounts of \$500,000 or less and are reported as loans secured by farmland and loans to finance agricultural production and other loans to farmers. The agencies use the data to monitor credit conditions facing small businesses and small farms to help develop policies that address problems that arise in credit markets.

As part of a study of the effect of regulations on small business lending, the U.S. Government Accountability Office (GAO) reviewed the data collection and concluded that the data reported does not accurately capture lending to small businesses because data is collected based on loan size and not the size of the borrowing entity. The GAO recommended that the agencies reevaluate and modify the requirements for the call report to better reflect small business lending. In response, the agencies are reviewing the data collection to improve the quality of the data reported.

ICBA's Comments

ICBA requests that the agencies postpone any action on call report changes for loans to small businesses and small farms until upcoming rulemakings related to the modernization of CRA and implementation of Dodd-Frank are completed. These rulemakings could significantly alter the way small business and small farm lending is reported, which would make the harmonization of any changes from this comment request difficult to implement.

Additionally, to reduce the significant regulatory burden of having to prepare the call report every quarter, items in the call report should be reduced so that well capitalized and highly rated community banks would only need to disclose their balance sheet, income statement, and statement of changes in shareholders' equity for the first and third quarters of each year. ICBA would like to remind the agencies that Congress has mandated but the regulators have failed to deliver a short form call report for the first and third calendar quarters. The regulators responded to Congress by removing insignificant components of the call report like troubled debt restructurings and fiduciary services with small reductions in reporting of derivatives, standby letters of credit, securitization exposures, and repo-style transactions. Community bankers continue to wait patiently for the regulators to implement the lawful changes needed under the Economic Growth, Regulatory Relief, and Consumer Protection Act.

ICBA appreciates the opportunity to comment on this proposal. If you have any questions or would like additional information, please do not hesitate to contact me at (202) 821-4364 or james.kendrick@icba.org.

Sincerely,

/s/

James Kendrick
First Vice President, Accounting and Capital Policy

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